



**A FOCUS ON
TALENT &
INNOVATION**



Maine Economic
Development Strategy
2020-2029

**PROGRESS REPORT 1:
2020 – 2022**



MESSAGE FROM THE COMMISSIONER



In November 2019, we released the State's 10-Year Economic Development Strategy, an ambitious vision for building a stronger, more competitive, and more resilient economy in Maine. The plan was built with the input and expertise of hundreds of Maine people, and aimed to grow our State's workforce, raise wages for workers and their families, and increase the value of Maine-made products.

The 10-Year strategy created a framework that encouraged collaboration and prioritized actions that targeted the long-standing challenges in Maine's economy. These already clear and vetted priorities allowed local communities, the private sector, and the State to work together over the last three years. As Federal pandemic funds became available, this foundation positioned Maine to lead the country in deploying the funds in a targeted fashion to address immediate problems and systemic challenges through the Maine Jobs and Recovery Plan.

Today, I am proud to share this progress report on the 10-Year Plan, which shows we are ahead of schedule on two of our three primary goals: The strategy called for 10% wage growth in 10 years; so far, wages have grown by 11.6%. The strategy also called for increasing the value of goods sold per worker by 10 percent; so far, this has increased by 12.8%.

We are also making strides on our third primary goal to attract 75,000 people to Maine's talent pool. In 2021, Maine had its highest net migration number in more than 80 years, and this progress report has found that Maine's talent pool is up by more than 13,000 people since 2018. This is an important trend to monitor and manage to address the State's chronic workforce shortage, which was exacerbated in recent years.

Maine is also making headway on elements of the 10-Year Plan:

- Job growth has reached record highs, and unemployment is at an all-time low.

- Investing millions of dollars to help recent high school graduates and other adults attain the credentials they need to secure good-paying jobs.
- Making critical investments and actions to ensure all Maine people have access to affordable high-speed internet.
- Working to reduce energy costs and address price volatility for Maine people and businesses by growing the clean energy economy and meeting the Governor's goal of 30,000 clean energy and energy efficiency jobs in Maine by 2030.
- Addressing the State's housing shortage with investments to increase the supply of workforce housing as well as a robust, affordable housing pipeline to meet immediate needs.
- Reducing carbon emissions to achieve 100% carbon neutrality by 2045, while continuing to grow Maine's GDP.

We have made great strides, and there is still more to do. Maine people can, and do, adapt and succeed, and the positive trends in this report demonstrate our State's skill, resiliency, and resolve. What you will see in the following pages is a series of key indicators developed in collaboration with stakeholders to measure progress toward our shared goals most effectively.

With your partnership, we will continue to improve our economy in ways that are meaningful to every person in Maine. I look forward to more years of progress ahead.

Sincerely,

Heather Johnson
Commissioner



LETTER FROM THE GOVERNOR



Dear Friends,

When I unveiled Maine’s Economic Development Strategy in 2019, I said that I hoped our state would “become a hub of innovation and enjoyment – a place where people can plant roots and live happy and fulfilling lives, and where entrepreneurs can take risks, grow their businesses, and create jobs.”

None of us could have imagined that just a few months later, a once-in-a-generation pandemic would threaten the lives and livelihoods of people across the globe and turn the world economy upside down. Maine confronted the pandemic better than nearly every state in the nation, and thanks to this plan, we had a blueprint not only for our economic recovery, but a strategy to grow and strengthen our economy in the years to come. The Federal government, through the American Rescue Plan and other important laws, then delivered the financial resources to put our plan to work.

So I matched those resources with the recommendations of this strategic plan and introduced my Maine Jobs and Recovery Plan, which allocated nearly \$1 billion in Federal American Rescue Plan funds to put our strategic plan to work—improving the lives of Maine people and families, helping businesses, creating good-paying jobs, and building a diversified economy poised for future prosperity.

Our investments are working. Over the last few years, Maine has experienced the highest rate of in-migration in New England and the seventh highest rate in the United States. In 2021, we experienced the largest population gain from net migration since the 1950s.

Since 2019, our gross domestic product – an important measure of economic growth – has grown at 10.1%, the ninth best rate of growth in the nation. In fact, Maine has seen more economic growth over the last four years than in the entire preceding fifteen years. Our state has a record-high number of jobs and nearly 14,000 new businesses registered last year with the Maine Secretary of State’s office.

More work remains to sustain this progress we have made and to build the workforce our state needs to grow and prosper and thrive in the years ahead. But in these pages, you’ll find meaningful progress and an extraordinary foundation for success.

Nearly four years into our 10-Year Plan, we are well on our way to making Maine the “hub of innovation and enjoyment” that I hoped it would become – and we’re just getting started.

Warmly,

Janet T. Mills
Governor





Progress At-a-Glance: Overarching Goals

When we developed Maine's 10-Year Economic Growth Plan, we deliberately established ambitious goals so that we could measure our accomplishments. As of the end of 2022, we are proud to report great progress against our three overarching economic goals—goals we are well on the way to fully achieving by the end of 2029.

Grow the annual wage by 10%.

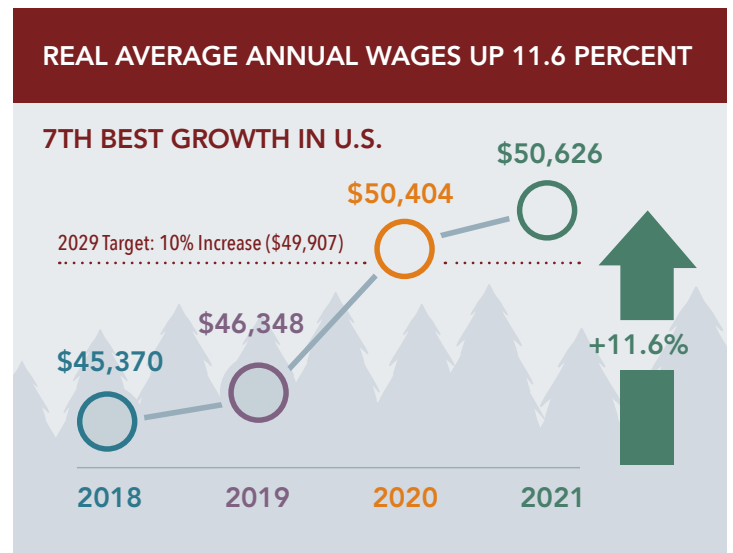
Baseline (2018): \$45,370

Target (2029, inflation-adjusted): \$49,907

Latest available (2021, inflation-adjusted): \$50,626

Progress: 11.6% growth in real wages

Real wages ("adjusted for inflation") have increased by 11.6% from the reported baseline of 2018 to 2021. Wage growth in Maine ranked 7th fastest in the country during this period. In the year prior to the Plan, wages for Maine workers ranked 45th in the country. The most recent national data shows average wages in Maine having jumped ten spots to the 35th highest in the country. These higher real wages mean that, on average, working Mainers' paychecks today go thousands of dollars further than at any time in the past two decades. In Maine, wage growth has been strongest among lower-middle income levels, workers with lower levels of educational attainment, and youth.



Increase the value of what we sell per worker by 10%.

Target (2029, inflation-adjusted): \$97,371

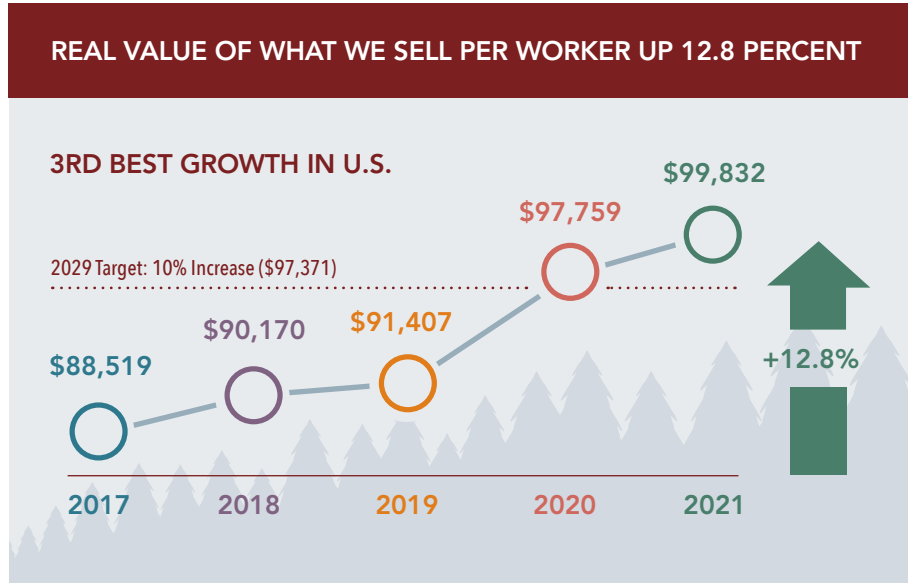
Baseline (2017): \$88,519

Latest available (2021, inflation-adjusted): \$99,832

Progress: 12.8% growth in the value of what we sell per worker

The value of products and services we sell grew by more than \$10,000 per worker – nearly 13% – from 2017 to 2021 after accounting for inflation.* This improvement ranks 3rd best nationally during this period. This exceeds the 10% goal but is impacted by a loss of employment during the pandemic. Growth in real GDP continued through the pandemic, although the largest increase was in 2021, reflecting in part the steep increase in real estate prices. At the same time, employment dropped in 2020 before partially recovering in 2021, contributing to a sharp increase in GDP per worker in 2020 (a slight increase in GDP paired with a steep decline in employment). While we have met the goal, we have more work to do to ensure sustainable improvement.

*The 2017 baseline estimate of sales per worker and the 2029 target level associated with a 10% increase have been adjusted from the original Plan to match revised federal data.



Attract 75,000 people to Maine's talent pool.

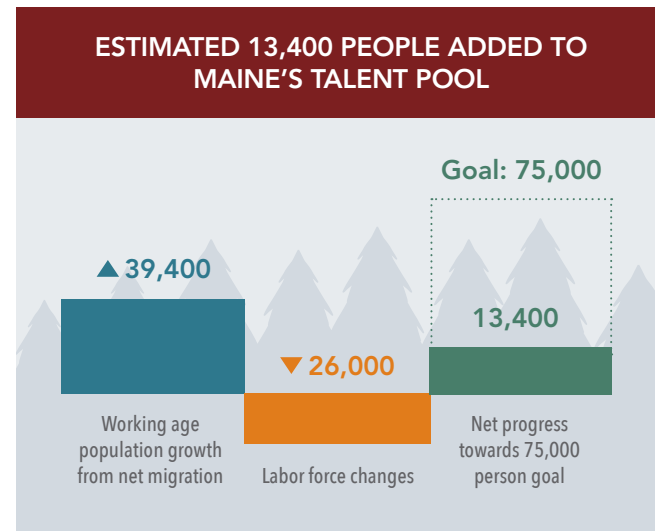
Projections (2019): 65,000 talent pool decline by 2029

Working-age population growth from net migration (2018-2021): +39,400

Labor force changes (2018-2021): -26,000 (estimate*)

Progress: Estimated 13,400 people added to Maine's talent pool

The goal of increasing the talent pool by 75,000 encompasses both increasing the population through migration and increasing the labor force participation rate of the population residing in Maine. The pandemic affected both factors. Migration into the state, particularly of people under the age of 45, increased, adding to the 18+ working-age population. At the same time, many older workers in Maine and around the country accelerated their retirements, contributing to a lower labor force participation rate and a smaller labor force overall. It is possible that older workers may decide to rejoin the workforce, which would increase labor force participation rates and move Maine closer to its goal. Among our prime working-age population (ages 25-54), Maine's labor force participation remained higher than the national average in 2021.



*Labor force estimates are regularly subject to substantial revisions over several subsequent years. In addition, recent divergence between estimates based on the federal monthly household and payroll surveys has been a challenge in Maine and nationally. For more, see "Jobs Reached Record Highs and the Labor Force Shrank in 2022 – Can These Contradictory Indications Both be Correct?" published by Maine's Center for Workforce Research and Information in January 2023.

Progress At-a-Glance: Strategies

In three years, we've made excellent progress on our 10-Year Plan. In some areas, such as providing high-speed internet statewide, we are much further along than originally anticipated. In others, such as expanding public Pre-K to all eligible children, we are right on track. And in some areas, such as increasing research and development investment, we still have a lot to do. Over the next seven years, we are confident we will complete all action steps from our original plan, which in turn will ensure we accomplish our three overarching goals:

- 1 Grow the average annual wage by 10%
- 2 Increase the value of what we sell per worker by 10%
- 3 Attract 75,000 people to Maine's talent pool



STRATEGY A: GROW LOCAL TALENT

Action	Description	Pending	In Progress	Completed/Achieved
A1	Develop Maine's Career Exploration program.		●	
A2	Develop and launch a web portal matching students and employers.		●	
A3	Engage today's workers in continuing education to achieve credentials for career advancement.		●	
A4	Expand the professional preparation of educators at all levels—from those caring for children aged 0–3, as well as Pre-K to high school—in STEM and other digital economy skills.		●	
A5	Improve the quality of care in our early childhood system by supplementing salaries for early childhood educators, rewarding them for their experience in the field and for completing postsecondary programs.		●	
A6*	Continue to invest in Pre-K-12 education.		●	
A7*	Continue to explore funding to reduce the costs of higher education to make it more affordable for more Mainers.		●	

* These priorities were emphasized in the 10-year strategy but not enumerated as specific actions. They have been included in this table for transparency and monitoring.

STRATEGY B: ATTRACT NEW TALENT

Action	Description	Pending	In Progress	Completed/Achieved
B1	Increase the labor force participation of existing residents.		●	
B2	Support the Governor's Welcome Home program.		●	
B3	Expand—and simplify—the Education Opportunity Tax Credit.			●
B4	Help new Americans and other newcomers get qualified to work in Maine.		●	
B5	Promote "Quality of Place" investments.		●	
B6	Promote the NextGen 529 investment plan to incentivize talent attraction.			●

STRATEGY C: PROMOTE INNOVATION

Action	Description	Pending	In Progress	Completed/Achieved
C1	Increase R&D investment levels in Maine.		●	
C2	Raise the investment cap of the Maine Seed Capital Tax Credit Program.			●
C3	Revitalize the Maine Innovation Economy Advisory Board.			●
C4	Promote exports to strengthen the climate for startups.		●	

STRATEGY D: BUILD INTERNET CONNECTIONS

Action	Description	Pending	In Progress	Completed/Achieved
D1	Provide a loan guarantee program for financiers of broadband projects.			●
D2	Provide local planning grants to help increase take rates and make projects more feasible.			●
D3	Provide a consistent, predictable, and robust annual level of ConnectME infrastructure grants.			●

STRATEGY E: PROVIDE SUPPORTING INFRASTRUCTURE

Action	Description	Pending	In Progress	Completed/Achieved
E1	Set the bar high for childcare; aim to create a world-class system in Maine.		●	
E2	Establish an adequate and sustainable funding system for public transportation.		●	
E3	Expand the production of workforce housing in Maine.		●	

STRATEGY F: MAINTAIN A STABLE BUSINESS ENVIRONMENT

Action	Description	Pending	In Progress	Completed/Achieved
F1	Review and simplify the application/decision process and pipeline.		●	
F2	Create a web portal where applicants can track their applications.		●	
F3	Control and reduce energy costs.		●	
F4	Control healthcare costs.		●	

STRATEGY G: PROMOTE HUBS OF EXCELLENCE

Action	Description	Pending	In Progress	Completed/Achieved
G1	Support communities to identify gaps for their hubs of excellence.	●		
G2	Identify areas of supply chain opportunity.	●		

STRATEGY

A



Maine Department of Labor Peer Workforce Navigators

GROW LOCAL TALENT

To compete in the 21st-century, Maine must attract, develop, and retain a well-trained workforce ready to meet the challenges of a rapidly changing economy. In the short term, we need to provide adults with opportunities to attain the skills needed to transition into available positions. In the long term, we need to ensure that Maine children and young adults are equally well prepared for careers that demand a high-level of proficiency in science, math, engineering, and technology (STEM). By investing in our people and communities, we can ensure that Maine is not only a place where people want to move for economic opportunity but where our children can thrive in meaningful, well-paid careers.

Action	Key Indicator	2020 Baseline	2022 Actual	2029 Target
A1	Enroll Maine's 16-24-year-olds in paid work experiences through the Maine Career Exploration Program.	Did not exist	2,000	6,000
A3	Invest in 2-year, 4-year, and higher education programs and other classroom-to-career opportunities so that recent high school graduates and current workforce participants can earn credentials of value.	Did not exist	5,574 students enrolled in Free Community College Program (70%)	8,000 students enrolled in Free Community College Program
A7	Increase number of Maine residents who hold a degree or credential of value.	49%	55%	60%

Progress At-a-Glance: Key Highlights

\$25 Million Toward Paid Work Experiences for Maine Students

Created in October 2022, the Maine Career Exploration Program will link up to 6,000 or more 16-24-year-olds to meaningful work experiences with local businesses over the next two years. The \$25 million will help high schools introduce or expand paid work-related experiences

and will broaden training, coaching, and work opportunities through existing programs such as Jobs for Maine Graduates and Extended Learning Opportunities. By the end of 2022, more than 2,000 students had already enrolled in the Maine Career Exploration Program.

Maine Meets K-12 Funding Goal

In 2004, Maine voters passed a referendum requiring the State to provide 55% of the funding for K-12 public schools. In 2022, for the first time since the referendum passed, the State met its obligation, ensuring that public schools have the State funding needed to provide Maine students with an education that will help them meet 21st-century demands.

Free Maine Community College

In 2022 to offset the financial impact of the pandemic, Maine allocated \$20 million to provide up to two years of free community college to high school students who graduated or will graduate in 2020–2023. The funding also applies to eligible students already attending community college in Maine. Students will graduate unburdened by tuition debt and ready to enter the workforce. As college graduates, they will have greater earning power and be ready to fast track into a career of their choice with high-value degrees. The State estimates that approximately 8,000 Mainers will benefit from this program.

Career Technical Education (CTE) and Maine's Key Industries at the Forefront

Maine had not updated equipment or made necessary capital improvements for CTE since 1997. Since 2019, enrollment in Maine's Career and Technical Education (CTEs) schools has grown by nearly 11 percent. With the support of the Maine Jobs and Recovery Plan, more than 25 CTE schools across Maine have improved access to the technology and tools they need to train students for our growing economy and align standards to key Maine industries, including manufacturing, aquaculture and farming, forestry products, and tourism.

Maine Teens Explore Careers

Across all 16 counties, Maine teens have access to innovative and life-changing career exploration. At Derby Day Care Camp—an outreach program from Central Maine Community College — 12-16-year-olds work with CMCC faculty to design and build a derby car, learning automotives, construction, graphic communications, and precision machining. Students race their derby cars on the last day of camp.

Each spring at the South Portland 8th-Grade Career Day, Junior Achievement students work with Southern Maine Community College faculty to create videos highlighting a variety of career opportunities. Part of SMCC's extended learning opportunities programs, Career Day

provides hands-on experiences for middle and high school students to help them to picture themselves in exciting careers in fields such as Animation, Graphic Design, Film, Culinary Arts, and Hospitality.

Healthcare Workforce

Addressing longstanding workforce challenges in Maine's vital healthcare sector is critical. This has been a collaboration of many academic, private, and state government as well as people who wanted to join this workforce was outlined in the plan and funded by Maine Jobs and Recovery Plan. Early results are promising. Since many of these initiatives launched in early 2022, Maine has added 2,700 new Healthcare and Social Assistance jobs, recovering all 2,300 jobs lost in 2021 and reaching 97% of total employment compared to pre-pandemic levels in January 2020.

Offering No- and Low-Cost Job Training and Credentials to More than 24,000 Frontline Workers

Maine's seven community colleges are vastly expanding short-term training and education for incumbent workers, those seeking to enter the workforce, and residents seeking to earn a credential of value. The Maine Community College System is combining \$35 million from Governor Mills' Maine Jobs & Recovery Plan for new worker training, a \$15.5 million grant from the Harold Alfond Foundation for incumbent worker training, and \$10 million in matching funds to deliver low- or no-cost workforce training to more than 24,000 frontline Maine workers over four years. A large share of these courses and credentials target healthcare, clean energy, manufacturing, hospitality, education, and computer and technology. As of early 2023, more than 9,100 students had enrolled in or completed training in technology and trades.

What are microcredentials?

Short-duration, competency-based learning opportunities, microcredentials meet current and emerging market or community needs and can be assessed and recognized for employment or further learning opportunities. Mainers can obtain valuable, industry-aligned microcredentials through a variety of avenues including Adult Education, Maine community colleges, and higher education, along with other systems and institutions.

STRATEGY

B



ATTRACT NEW TALENT

Talent is at the core of Maine’s 10-Year Economic Plan. And while we’re proud to have residents representing all age groups, one challenge in having a population that skews older is that Mainers are retiring in large numbers. To attract new talent, Maine needs to have a dynamic economy that offers recent college graduates and other job-seekers with well-paid careers—opportunities that allow them to achieve a high quality of life for themselves and their families.

Action	Key Indicator	2020 Baseline	2022 Actual	2029 Target
B1	Ensure Maine’s labor force participation of 25-54-year-olds meets or exceeds national average by 2029.	84.8%	84%	At or above the national average (which is now 80%)
B2	Keep in-migration numbers the highest in New England and among the highest in the nation.	Unavailable due to pandemic	11,600	Be among the top 10 states in domestic in-migration
B3	Simplified and expanded Maine’s Student Loan Repayment Tax Credit (formerly known as the Educational Opportunity Tax Credit) to include any recent college graduates.	NA	Completed	Completed

Progress At-a-Glance: Key Highlights

Maine Is a National Leader in Workforce Attraction

Maine has made real strides in attracting new workers who are vital to the long-term success of our economy. In fact, from April 1, 2020, through July 1, 2022, Maine welcomed 34,237 new residents. In 2022, Maine had the 11th highest rate nationally of total net migration at 10.2 per thousand. Most of the people who moved to Maine came from other U.S. states. Maine’s 8.4% net domestic migration rate drove our ranking among U.S. states to #10.



\$2,500 Tax Credits for 2-Year, 4-Year, and Graduate Degrees

Since Maine recognizes that attending college is a significant investment, in 2022, the State made it much easier to apply for a tax credit to offset the cost of repaying college loans. Maine will now provide a \$2,500 tax credit per year (\$25,000-lifetime value) to anyone who graduated after 2008. It's a move that will allow thousands more people living and working in Maine to reduce their college loan repayments. Furthermore, Maine businesses can use the tax credit as a way to attract recent college graduates.

Maine Optimizes Labor Force Participation with Creative Initiatives

Talent is a critical component of Maine's growth and prosperity, and it remains at the core of the State's 10-Year Economic Plan. Since 2019, industries, communities, institutions, and other groups in every corner of our state have collaborated in innovative ways to connect Mainers to meaningful job opportunities. These groups are actively working toward effective solutions through efforts including the Cabinet on Aging, the Pre-Apprenticeship and Apprenticeship Programs, Maine's Working Communities Challenge, and Industry Partnership Initiatives.

New Laws Provide Opportunities for Professionals New to Maine

In 2021, Maine passed groundbreaking new laws that facilitate licensing for professionals who are licensed internationally or in other U.S. states. Both laws allow Maine's Office of Professional and Occupational Regulation (OPOR) greater flexibility to recognize education, training, and licensure earned outside of Maine. Depending upon how closely an applicant's license and training match Maine licensing standards, for OPOR-regulated professions, these new Maine residents may receive a provisional license, or in the case of applicants from other U.S. states or territories, licensing may be fast-tracked. The provisional license is still being developed and will take time to implement. However, the new laws will benefit both workers and employers by providing a path to licensing qualified workers for Maine jobs.

New Program Helps Mainers Impacted by Pandemic Find Jobs

The COVID-19 pandemic left many Mainers without work and unable to support themselves and their families. To help those whose jobs were eliminated, downsized, or suspended due to the pandemic, Maine created the Peer Workforce Navigator (PWN) pilot program—a partnership with workers' groups, labor unions, ethnic-based community organizations, and other community associations—to assist Mainers

in hard-hit communities with meeting basic needs and finding employment. A number of these organizations are led by long-standing immigrant leaders in our communities, including Gateway Community Services and ProsperityME, which bring their own experience, resources, networks, and years of experience to this critical systematic approach. This two-year pilot program projects that it will connect 3,000 Mainers to job training programs and new work opportunities and will cover essential costs—including childcare, transportation, and unemployment insurance—as Mainers transition back to employment.

New Partnership Launches Pre-Apprenticeships in Maine

The Maine Department of Labor awarded more than 14 organizations grants in the summer of 2022 to create a range of new pre-apprenticeship programs, including:

- Multi-craft trades program with Maine AFL-CIO delivered through local high schools;
- Hospitality bootcamp with Hospitality Maine at Maine Community Colleges; and
- Introduction to renewable energy careers with ReVision Energy and Portland Adult Education, including support for English language learners.

These programs will provide training based on industry standards and hands-on experience to nearly 2,500 Mainers, including 2,000 youth, preparing them to enter and succeed in a Registered Apprenticeship Program.

Why pursue a career in welding?

Welding is among the highest paying skilled trades in the country with a median entry-level wage of more than \$40,000 per year. In conjunction with Lewiston Adult Education, Central Maine Community College will offer state-of-the-art training to multilingual learners new to Maine. Students will learn a variety of industry-standard techniques, including Mig and Tig processes, print reading, basic metallurgy, sheet metal forming, tube welding, and grinding and polishing.



PROMOTE INNOVATION

Mainers have long been known for their ingenuity. We’re making it our goal to build on this reputation and establish Maine as an innovation leader. Innovation is a key component of sustained economic growth. It helps existing businesses overcome challenges associated with change while also fostering continuous improvement, competitive advantages, and increased profits. Innovation also sparks the creation of new businesses, increasing the State’s gross domestic product and providing more jobs for Maine people and those new to our state.

Action	Key Indicator	2020 Baseline	2022 Actual	2029 Target
C1	Ensure R&D of GDP meets or exceeds 3% while focusing on activities that directly support Maine industries.	1%—\$685 million	1%	3%
C2	Increase the annual ceiling of the Maine Seed Capital Tax Credit Program.	\$5 million	\$13.5 million	Complete
C4	Continue to support Maine’s exports internationally and in other U.S. states.	\$2.724 billion	\$3.420 billion	Match or exceed national average

Progress At-a-Glance: Key Highlights

The Maine Innovation Economy Advisory Board Is Reinvigorated

This board was originally established in 2010 with the goal of improving Maine’s position in the global economy by strengthening the State’s science and technology infrastructures. As part of the 10-Year Economic Development Plan, the group was revitalized in 2022 to coordinate the State’s research and development activities and foster collaboration between higher education and nonprofit research institutions and the business community. The 30+ member advisory board draws from across the state and has members from the public and private sectors, including entrepreneurs and venture capitalists.



Historical Investments to Transform Maine's Innovation Economy

FOREST PRODUCTS

Maine's forest products industry is a resilient, forward-looking sector. From value-added products like mass timber to emerging demand for bioplastics and biofuels, a significant opportunity exists to grow this sector, create jobs in rural Maine, and drive the future of efficient building products and energy solutions while supporting sustainable forests.

In the fall of 2021, the Maine Technical Institute (MTI) launched phase 1 of the Forestry Recovery Initiative (FRI) to help members of Maine's forest product sector recover from financial loss due to the pandemic. MTI awarded 224 companies a total of \$6.2 million. More than 80% of the companies that received funds are in Aroostook, Penobscot, Somerset, Oxford, or Piscataquis counties and employ fewer than 10 people.

FRI-phase 2, launched in the fall of 2022, promotes forward-looking forestry products that advance the long-term stability of the forest industry and promotes market opportunities for Maine timber. By the end of 2022, MTI granted 19 awards in 10 Maine counties that leveraged nearly \$1 billion in matching private funds and will create 600 new jobs.

INNOVATION AND POST-PANDEMIC RECOVERY

Businesses in Maine experienced significant revenue losses due to the COVID-19 pandemic. With \$39.6 million allocated by the Maine Jobs and Recovery Plan, MTI created the Pandemic Recovery for an Innovative Maine Economy (PRIME) Fund to offset losses realized by small businesses and high-growth enterprises. In 2022, MTI issued nearly \$24.3 million to 174 Maine technology companies in all 16 counties to help them recover from the pandemic, invest in new products and business lines, attract new customers, and create long-term economic growth.

Higher Education Contribution to Innovation Goals

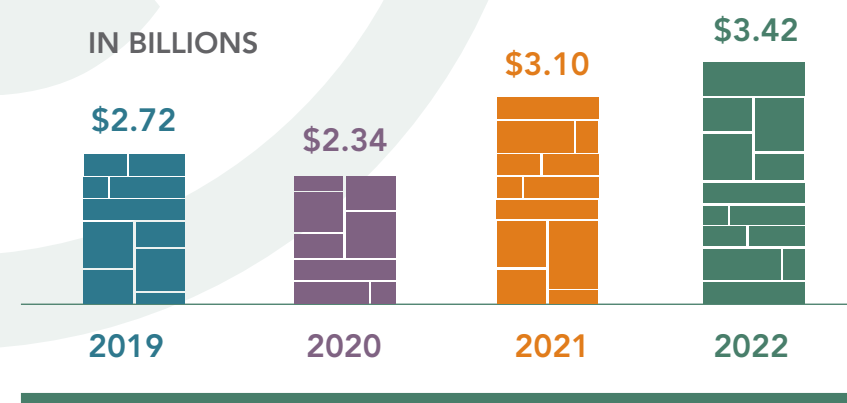
The Roux Institute at Northeastern, founded in 2020 and with over 3,000 employer partners, co-designs employee learning programs and builds talent pipelines through research, speeding the translation of discoveries into advanced technologies right in Portland. In 2022, the University of Maine was designated as an R1 research university, putting it in the top tier of research universities nationwide, as its research and development expenditures grew to an all-time

high of \$225.1 million. UMaine has also grown its graduate and doctoral student enrollments by developing new research learning experiences. These efforts, a combination of talent development and innovation, is also contributing to attracting companies and investment to the state while supporting businesses across Maine to be more competitive.

Maine's Growth in Export Sales Exceeds National Average

In 2021, Maine exports increased to \$3.1 billion, a 32.7% increase compared to 2020. Maine's growth in export sales exceeded the national year-to-year growth of 23%. When the 2022 export numbers are finalized, we anticipate that exports will be at the highest level ever, above \$3.4 billion, a record in 2011. Since Maine's exports are a small portion of the State's GDP, these increases in the first two years of the 10-Year Plan represent a positive step forward in giving Maine businesses access to lucrative, well-established markets. The increases also drive job growth and help promote the State's brand across the world. Internationally, Maine exports primarily to Canada, Japan, China, Malaysia, and the Netherlands. In fact, the growth of Maine's international exports has led to the investment in a domestic export program to promote Maine's unique products nationwide to the other 49 states.

MAINE DOMESTIC AND INTERNATIONAL EXPORTS



STRATEGY

D



BUILD CONNECTIONS

A fast, reliable internet connection is essential to modern life, linking users to vital information and exciting opportunities. It allows businesses to market their services and products anywhere in the world, professionals to telecommute from a rural farm as easily as from an office in downtown Portland, students to attend classes virtually, patients to connect to a healthcare professional via telehealth, and residents to stream content, videoconference, access infinite resources online, and use smart home devices in their homes.

Action	Key Indicator	2020 Baseline	2022 Actual	2029 Target
D1	Increase access to affordable internet service to all Mainers who want it by 2025.	18% unserved	6% unserved	100% served
D2	Double the number of Mainers utilizing the FCC's Affordable Connectivity Program.	MCA did not exist	25%	50%
D3	Leverage private and local financial contributions to ensure a minimum 4:1 public-to-private project funding ratio.	3:1 public/private	2:1 public/private	Target to be determined by the Broadband Action Plan

Progress At-a-Glance: Key Highlights

More than \$150 Million to Connect Every Mainer

Maine has a small but vibrant population spread over a large area. Many people live in rural or remote locations with limited access to reliable and affordable internet service. \$150 million in Federal and State funds, awarded in the summer of 2022, are about to transform our state.

To maximize the investment of these funds, the Maine Connectivity Authority (MCA) crafted programs that will:

- Jumpstart connectivity in remote and rural places
- Fuel community and regional capacity to drive investment
- Fund regional-scale public-private partnerships
- Expand modern broadband infrastructure to reach the last mile

Since July 2022, MCA has awarded \$43 million (and leveraged \$17 million in private and local funds) to more than 50 partners, communities, and providers, providing high-speed internet to 16,000+ locations. Building on well-established partnerships between government agencies and private organizations, Maine is a national leader in using data and mapping to make the most efficient broadband investments that benefit the most people. Access to high-speed, affordable internet means everyone can live in the place they love in Maine. Internet connectivity boosts rural communities and enables a prosperous future for telehealth, distance learning, and remote work, ensuring no one is left in the digital dark.

New Agency Created to Achieve Ambitious Broadband Objectives

In 2021, the newly created Maine Connectivity Authority (MCA) was charged with making affordable, high-speed broadband available throughout Maine. The MCA has three goals: 1) that effective, accessible connectivity be universally available in the state; 2) that there be secure, affordable, reliable, competitive, sustainable, and forward-looking infrastructure that can meet future connectivity needs; and 3) that all residents, businesses, and institutions in Maine be able to take full advantage of the economic, health, educational, and other opportunities available through connectivity services. Its creation will have a profound and tangible impact on our economy and Mainers' lives for generations to come.

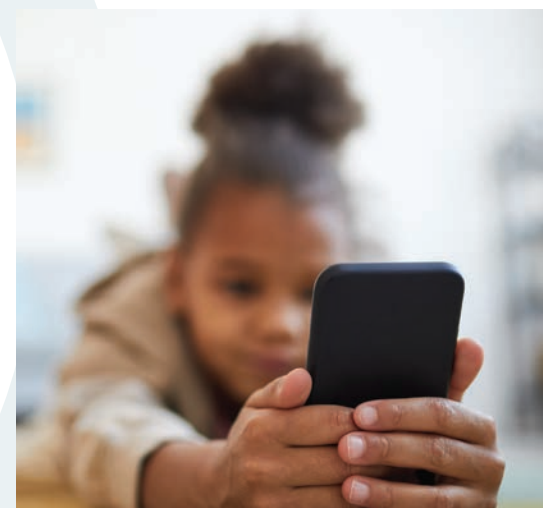
CONNECT THE READY GRANT PROGRAM

The Connect the Ready Grants are the single most significant investment in Maine's broadband infrastructure to date, providing \$34 million to

bring broadband service to more than 16,000 homes and businesses while leveraging over \$17 million in private investment from communities and service providers. It is a competitive grant program that encourages public/private partnerships and collaboration to build broadband infrastructure in unserved or underserved areas of the state. The first 12 funded projects covers 31 communities across nine counties.

JUMPSTART CONNECTIVITY INITIATIVE

MCA provided up to \$1 million to accelerate low-cost internet access to some of the least served areas of the state with the trial deployment of various innovative wireless technologies. The program will target communities across five counties with a high concentration of unserved homes and businesses and where wired deployments are currently impractical. MCA will conduct a thorough and ongoing evaluation of the program and use the findings to identify wireless technologies that could potentially scale as a complementary component of the State's overall connectivity strategy. The three selected areas were Lakeville, Lee - Outer Reach; Greenville, Jackman, West Forks, Athens - US Cellular; Brookton, Danforth, Orient - Wireless Partners.



What does broadband mean, and why does it matter?

In Maine, broadband is defined as internet speeds of at least 100 Mbps upload/100 Mbps download. 100 Mbps = 100 megabits per second. Broadband offers fast downloads and uploads, which are key in order to:

- Support two-way video communication for telehealth and remote education;
- Connect Maine businesses to customers around the world; and
- Advance digital equity so that all Mainers, especially those impacted by the digital divide, can realize the civic, economic, health, educational, and social benefits internet connectivity provides.



PROVIDE SUPPORTING INFRASTRUCTURE

To grow Maine’s economy, we need to ensure Maine’s infrastructure offers workers access to quality childcare, reliable transportation, and affordable housing. These critical infrastructure components offer extensive advantages to our residents and the State’s economy. Parents who know their children are well cared for and well educated can confidently meet work demands. Reliable transportation allows workers to extend their search area for a better-paying job and ensures that all commuters can get to work even in inclement weather. Affordable housing improves quality of life, infuses more money into the local economy, provides long-term investment for both the homeowner and the community, and increases workforce stability.

Action	Key Indicator	2020 Baseline	2022 Actual	2029 Target
E1	Increase the number of school districts (SAUs) offering public Pre-K programs.	79.5%	85%	100%
E2	Establish an adequate funding system for public transportation by ensuring Maine’s per capita/per person spending is at or above \$11.	\$10.81	\$11.55	\$11.55 or above

Progress At-a-Glance: Key Highlights

Pilot Transportation Initiative Links Mainers to Work Opportunities

Due to the economic consequences of the pandemic, many Maine workers and businesses must now look beyond their immediate communities to meet their respective employment needs. To help bring these two groups together, in May 2022, Maine launched the Workforce Transportation Pilot Program with an investment of \$5 million. The program provides competitive grants to local and regional partnerships that pilot solutions connecting workers and employers across the state through ridesharing, vanpools, and other subsidized transit options. The first set of grants were awarded to Sunday River in Newry, Bath Iron Works, Gagne Foods in Bath, Timber HP in Madison, and Robbins Lumber in Searsmont.



Bold Expansion of Childcare Offerings

Over the last several years, the State has made significant investments in childcare and public Pre-K. Since the beginning of the pandemic in 2020, the State has invested more than \$100 million in direct grants to childcare programs (both center and home-based facilities) with COVID relief funding from the Federal Government. This historic investment helped to stabilize the childcare industry, which had been hit hard by the pandemic.

The Maine Jobs and Recovery Plan included an additional \$25 million for grants to increase access to quality early care and education. Since March 2023, Maine's Department of Health and Human Services Office of Child and Family Services has made 54 awards totaling nearly \$4 million in grants to renovate, expand, or construct childcare facilities to increase licensed childcare options. These grants will provide care for 1,420 children in 14 counties—718 children have already entered an early childhood program. Maine will provide an additional \$11 million in grants over the next several years.

Coastal Enterprises, Inc., a nonprofit headquartered in Brunswick that invests in rural areas, launched the Child Care Business Lab to help people in the Rim Counties and Lewiston start childcare businesses with funding from the U.S. Department of Health and Human Services and the John T. Gorman Foundation, the Bill & Joan Alford Foundation, and the Maine Community Foundation. By the end of 2022, Lab graduates had opened 16 licensed childcare facilities serving 332 children and enabling 69 parents to start full-time jobs. In 2023, the Lab will expand statewide with funding from the Lumina Foundation.

Community Development

Four Directions, a nonprofit Community Development Corporation and Native Community Development Financial Institution (CDC/CDFI), the first Native CDFI in Northern New England and the only Native CDFI in Maine, has championed a number of initiatives across the economic and community development spectrum, including: funding housing engineering studies, building model homes for future housing development, and funding a hotel feasibility study to support tourism and an aquaculture study to support a \$5M expansion project for Mi'kmaq nations' Trout fishery and many others that would bring further economic prosperity of the Native American tribes in Maine.

Maine Launches Housing Opportunity Program

In April 2022, the Maine Legislature passed a law that requires municipalities to allow for increased density in certain zoning districts, dramatically increasing affordable housing across the state. The Department of Economic & Community Development's Housing Opportunity Program (HOP) supports the development of additional affordable housing options for low-income and moderate-income individuals. HOP provides technical and financial assistance to municipalities and regional service providers to support housing development that complies with the new housing law. HOP is also working to establish statewide housing production goals.

3 Reasons Why Pre-K Is Important

- 1 A significant portion of critical brain development takes place before children reach kindergarten.
- 2 Quality preschool provides young children with essential pre-literacy, pre-writing, and pre-math skills.
- 3 Research has shown a wealth of benefits for children who attend Pre-K including, improvements in social, emotional and behavioral skills, school performance, graduation rates, and employment rates.



STRATEGY



MAINTAIN A STABLE BUSINESS ENVIRONMENT

One of the best ways to ensure a stable business environment is to standardize the processes, regulations, and procedures a business must operate within. Nowhere is this more evident than in the management of Maine’s natural resources, which are a vital component of our State’s economy. It’s key that the State’s regulatory processes and high environmental standards work together to facilitate the safekeeping of Maine’s unique natural resources for future generations. Providing businesses with predictable, streamlined regulatory processes helps Maine continue to innovate clean energy solutions. In this way, the business community engages in a stable playing field, allowing all to partner with the State to protect our natural resources and grow the economy.

Action	Key Indicator	2020 Baseline	2022 Actual	2029 Target
F1 & F2	Finalize a web portal by 2029 to simplify the regulatory application process for business projects, detailing the standards to be met, the steps of the process, and the anticipated length of time for a decision.	Didn’t exist	In process	Deploy and activate portal
F3	Increase percentage of Maine’s energy generated from renewable sources.	48%	53% by the end of 2023	80%

Progress At-a-Glance: Key Highlights

Maine Ranks #5 Nationally for Energy Efficiency & Energy Equity Efforts

According to the American Council for an Energy-Efficient Economy, Maine moved up 11 spots to #5 in the country, the state most improved since the last scorecard. The State set a goal to weatherize 17,500 homes and businesses and to install 100,000 new heat pumps by 2025. State-funded affordable housing projects must be all-electric and include electric vehicle

charging. Maine also adopted new appliance standards and enacted a comprehensive electric vehicle plan with equity as a key focus. “As the most heating-oil-dependent state in the country, and with our electricity grid overreliant on natural gas, improving energy efficiency in Maine is essential for cutting costs for Maine households while also curbing harmful carbon emissions,” said Governor Janet Mills.

“This recognition by ACEEE affirms Maine’s leadership on energy efficiency, which is even more critical now given the unprecedented energy prices our region is experiencing. I am proud of Maine’s progress and will continue to make available programs and incentives to help Maine people reduce their energy costs and improve energy efficiency.”

Maine Publishes Offshore Wind Roadmap

Offshore wind provides Maine with unique opportunities to responsibly grow our economy, move toward our goal of clean energy, and provide high-paying jobs while safeguarding the communities, fisheries, and wildlife of the Gulf of Maine. Working together, multiple State agencies and energy, economic, fisheries, wildlife, science, and environmental leaders developed the Maine Offshore Wind Map, which provides detailed strategies to realize the benefits of offshore wind in a way that is compatible with the Gulf of Maine’s ecosystem and existing users. Specifically, the map details how to:

- Pursue offshore wind supply chain, infrastructure, and workforce investments to support economic growth and resiliency.
- Harness abundant renewable energy to reduce long-term costs and reliance on fossil fuels and fight climate change.
- Advance Maine-based innovation to compete in the emerging national and global offshore wind industry.

Maine, National Leader in Adopting High-Efficiency Heat Pumps

Research shows that heat pumps are a more efficient source of heat than fossil fuel systems, and Maine is a national outlier with more than 58% of Maine homes reliant on heating oil. The Maine State Housing Authority and Efficiency Maine Trust are providing incentives to defray the cost of installing heat pumps. Maine residents and businesses are embracing heat pumps as an energy-efficient, pocketbook-friendly alternative to heating their homes with oil, kerosene, or propane. Maine is a national leader in this effort, and since 2019, more than 82,326 heat pumps have been installed all over the state towards a goal of 100,000 by 2025.

In fact, Aroostook County, one of the coldest places in the state, has the highest concentration of heat pumps installed through Efficiency Maine rebates per capita. Even though residents’ electricity bills do increase, heat pump owners’ overall heating and electricity costs are lower than when heating primarily with fossil fuels. Furthermore, heat

pumps work effectively in very cold weather, with some heat pumps rated to work down to -15°F.

Renewable Contracts Reducing Electric Rates

The Russian invasion of Ukraine following the pandemic has had unprecedented impacts on the global energy markets, including increasing prices of natural gas which has also increased electricity prices in New England. While all of the New England states have historically experienced higher electricity costs than the national average, Maine continues to have among the lowest rates in the region. Additionally, low-cost renewable energy projects resulting from a bipartisan bill signed by Governor Mills in 2019 provided benefits of electricity rate reductions for customers (5% for Central Maine Power and 4% for Versant) in 2022.

Startup Activity Reaches Record Levels

Maine entrepreneurs applied to start nearly 14,000 new businesses in 2021, a record level for Maine since the data series started in 2005. To help these early-stage companies successfully emerge from the pandemic, the State’s regional Economic Development Districts are partnering with Maine’s Department of Economic and Community Development to establish seven Economic Recovery Hubs. These Hubs will launch in spring 2023 and provide early-stage companies business counseling services, entrepreneurial training, and access to capital.

3 Reasons Why Clean Energy Matters

- 1 Reduces Maine’s dependence on fossil fuels—58% of Maine homes rely on heating fuels—which makes Mainers vulnerable to price hikes and supply shortages of imported fossil fuels.
- 2 Decreases air-pollution-related health issues, such as asthma which affects more than 12% of Mainers.
- 3 Protects and safeguards Maine’s natural resources, our coastal communities, and our heritage industries, which are most threatened by rising ocean and land temperatures as a result of climate change.

STRATEGY



PROMOTE HUBS OF EXCELLENCE

Leveraging a talented workforce and innovative businesses, a Hub of Excellence provides quality healthcare, superb higher-education opportunities, and active research centers. Beyond improving the economy of an area, hubs also improve quality of life for residents — through cultural opportunities, family support services, and strong communities. Our objective is to do more to help other regions in Maine leverage their strengths and resources, allowing us to attract more talent statewide. However, since Hubs of Excellence are a natural outgrowth of the work being done on other strategies, the real work of **Strategy G** will come in the later years of our 10-Year Plan.

Action	Key Indicator	2020 Baseline	2022 Actual	2029 Target
G1	Support regions in leveraging their strengths and opportunities for development and market connection, positioning more communities statewide to become Hubs of Excellence.	Not measured yet	Not measured yet	TBD





Progress At-a-Glance: Key Highlights

Maine Unveils Statewide Tourism Plan

In 2022, tourists spent more than \$8.6 billion in Maine. As one of the State's largest industries, tourism supported 151,000 jobs and contributed nearly \$5.6 billion in earnings to Maine's households. Visitors to the state also saved every Maine household \$2,172 in state and local taxes in 2022.

Maine's Office of Tourism has released a destination management plan that responsibly grows Maine's tourism industry while protecting the natural resources and culture for current and future Mainers.

Maine to Identify and Cultivate More Hubs of Excellence

Hubs of Excellence are driven by talent and a convergence of research, higher learning, skilled workforce and business, and a livable, healthy space. Maine's ability to meet its workforce attraction goals depends upon the development of more hubs and ongoing support of their economic health.

Maine's naturally developing Hubs of Excellence include the Bangor region, with its first-rate academic and research institutions, as well as the greater Portland region, known as a center for bioscience.

Building on the area's rich heritage of agriculture and forestry, Madison, Maine, is a leader in the green economy and a growing energy hub with investment in solar, hydropower, natural gas, and its own electric works.

Maine to Host 2024 RuralRISE Summit

Recognizing that America's rural communities are fertile ground with untapped potential for innovators and entrepreneurs, RuralRISE, a community of organizations, aims to increase opportunities and prosperity for small and rural communities across the United States.

In June 2024, RuralRISE plans to hold its annual summit in Skowhegan and Waterville, Maine, two supportive communities where innovation is flourishing.

Next Steps

Realizing the 10-Year Plan's ambitious vision for a vibrant, inclusive Maine economy involves regularly taking stock of our progress and evolving our strategies.

In some cases, there is more work to be done on the actions recommended by the original Plan. In others, new approaches must be conceived to unleash the next phase of our growth. In all cases, collaboration across public, private, nonprofit, and philanthropic sectors is essential for the effective development and implementation of these ideas.

Together, we can keep working to:

- **Continue growing average annual wages to benefit workers at all income levels.**
- **Continue increasing the value of products and services produced in Maine.**
- **Build on our progress in attracting people to Maine's talent pool.**

Our steering committee is committed to working with all stakeholders across the State to identify and prioritize the actions needed to advance toward our 10-Year Goals. We thank you for your contributions and hope you will join us as we embark on the next stage of the Plan's work.





If you'd like to remain connected, have feedback, or would like to learn more about the progress of this Plan, please visit:

maine.gov/decd/strategic-plan

Or email: **economicplan.decd@maine.gov**



**Department of Economic
& Community Development**