

Workforce Trends & Outlook in Maine

Presented to

Consensus Economic Forecasting Commission

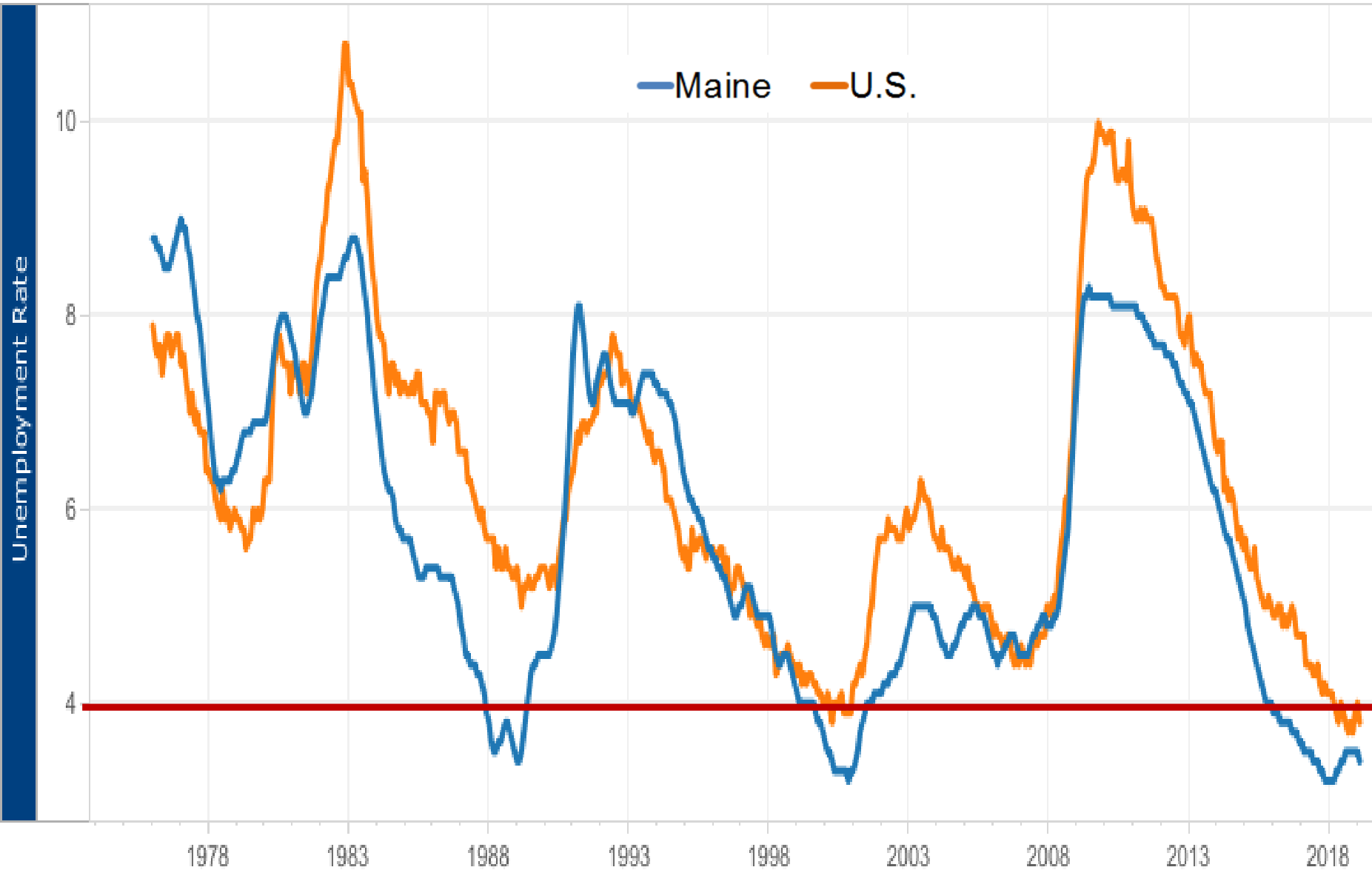
March 29, 2019



Glenn Mills
Chief Economist
Center for Workforce Research
Maine Department of Labor
www.maine.gov/labor/cwri
glenn.mills@maine.gov
207-621-5192

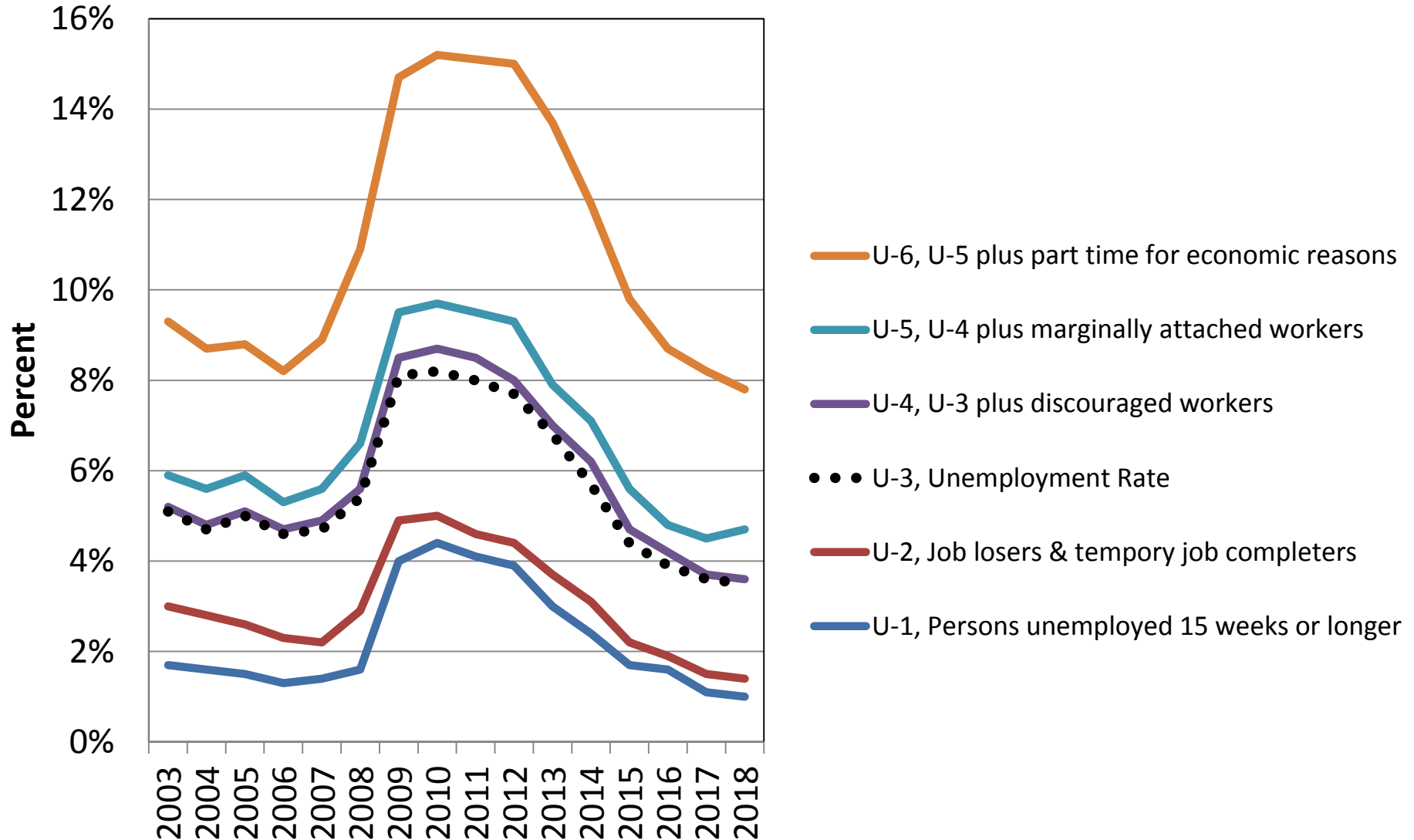
Conditions & Trends

Labor market conditions are very tight. The unemployment rate has been below 4% for a record 38 consecutive months.

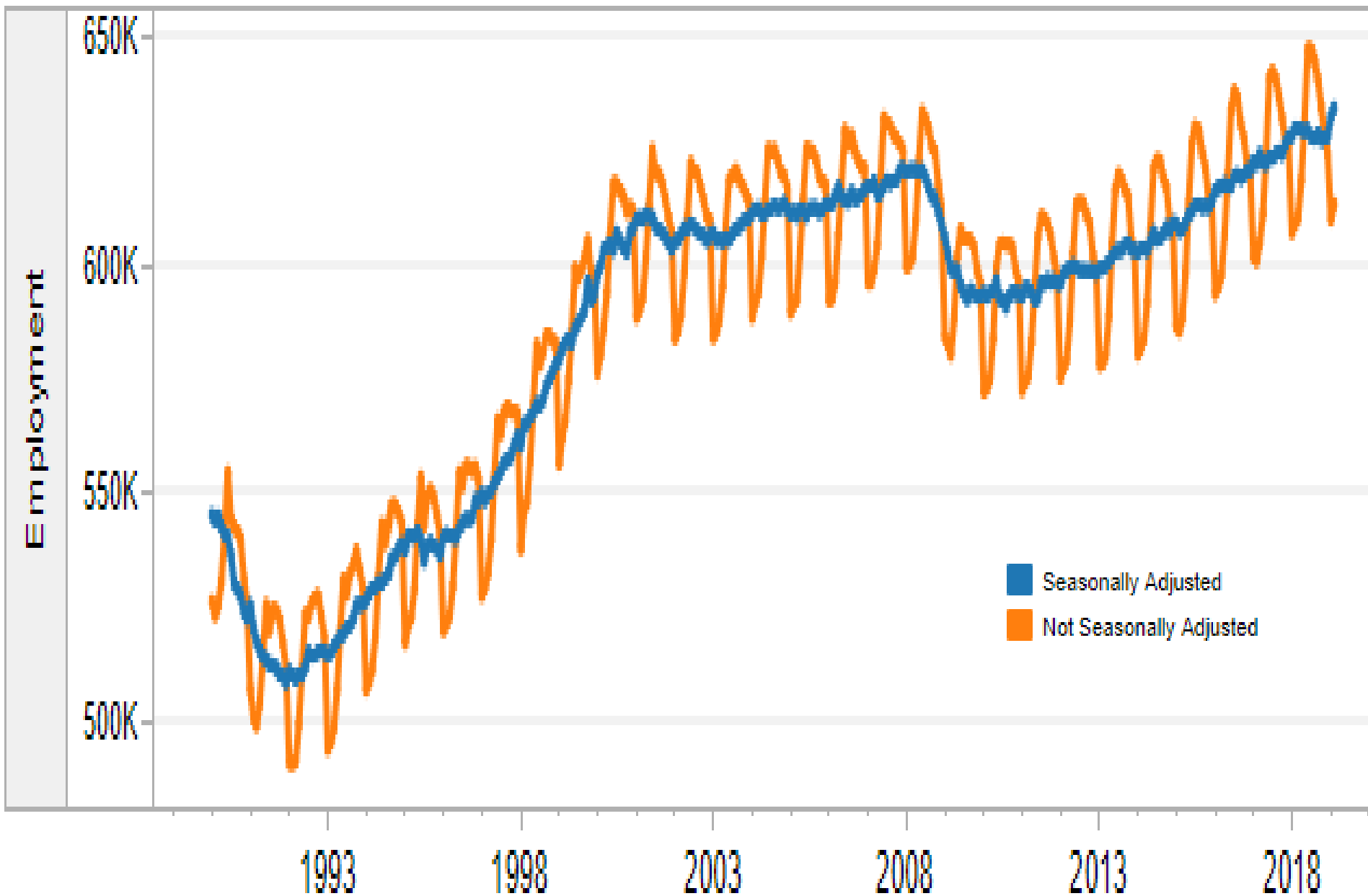


5 of the 6 measures of labor underutilization are the lowest on record and lower than the nation

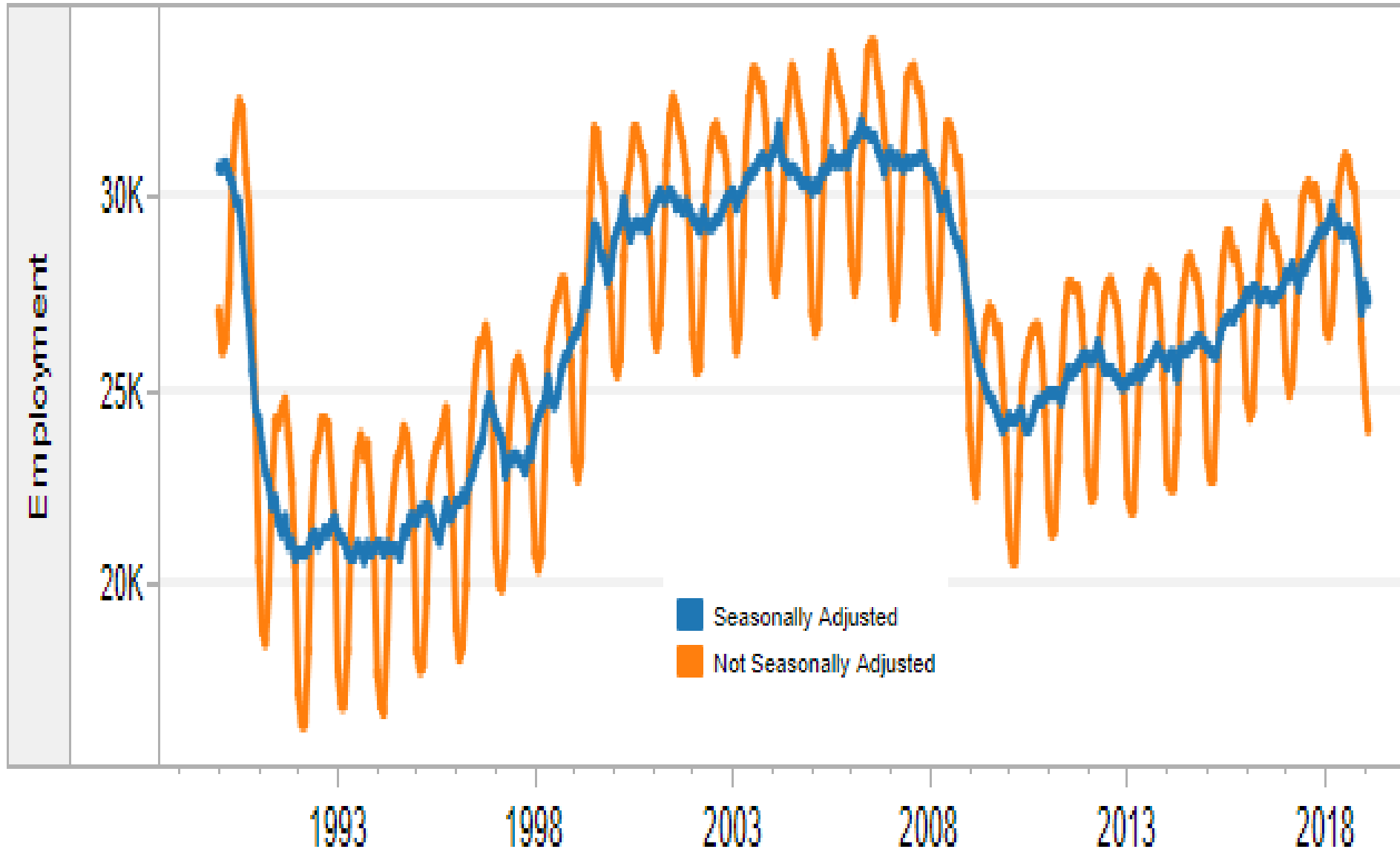
Alternative Measures of Labor Underutilization - Maine



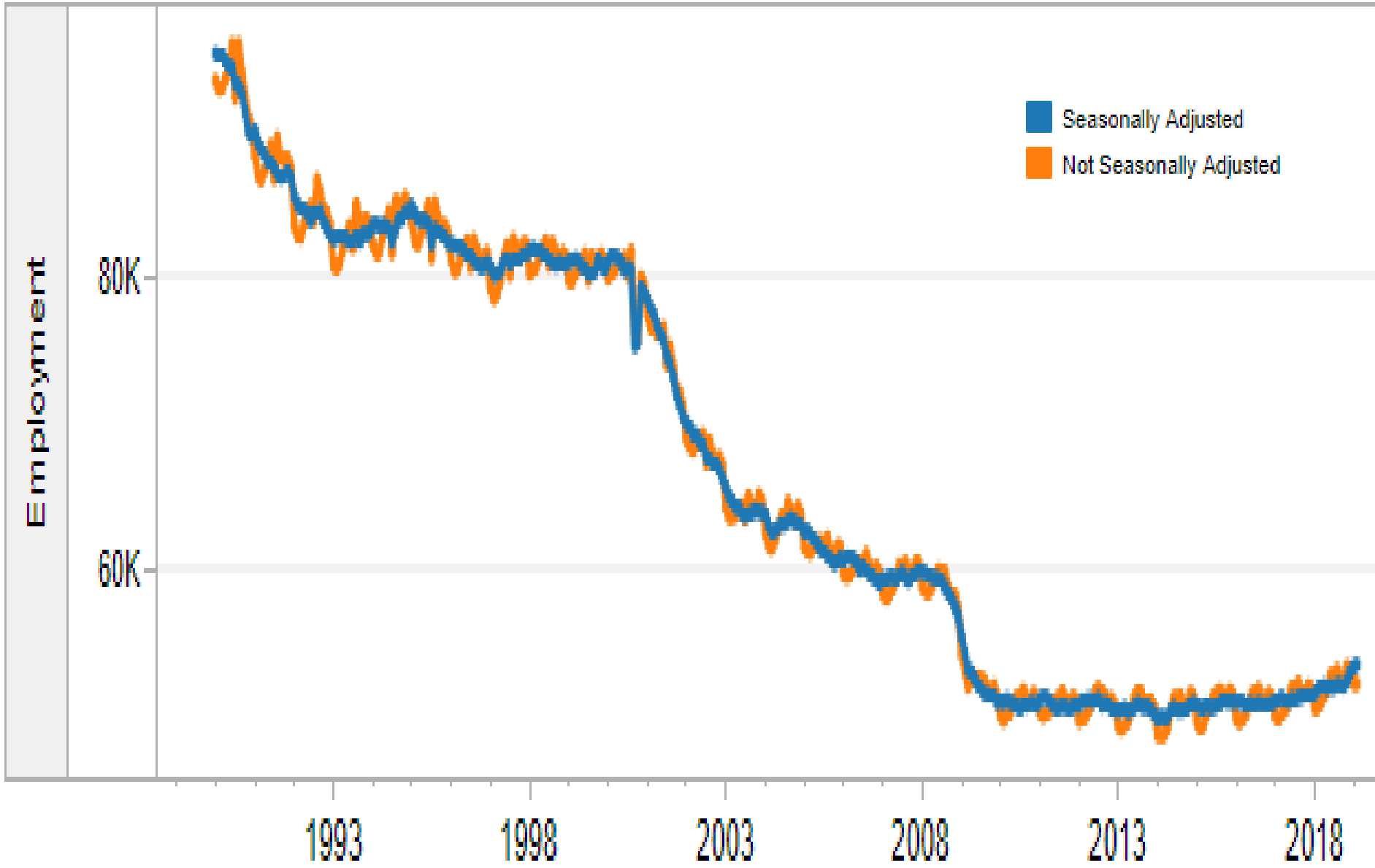
Nonfarm payroll job growth continues



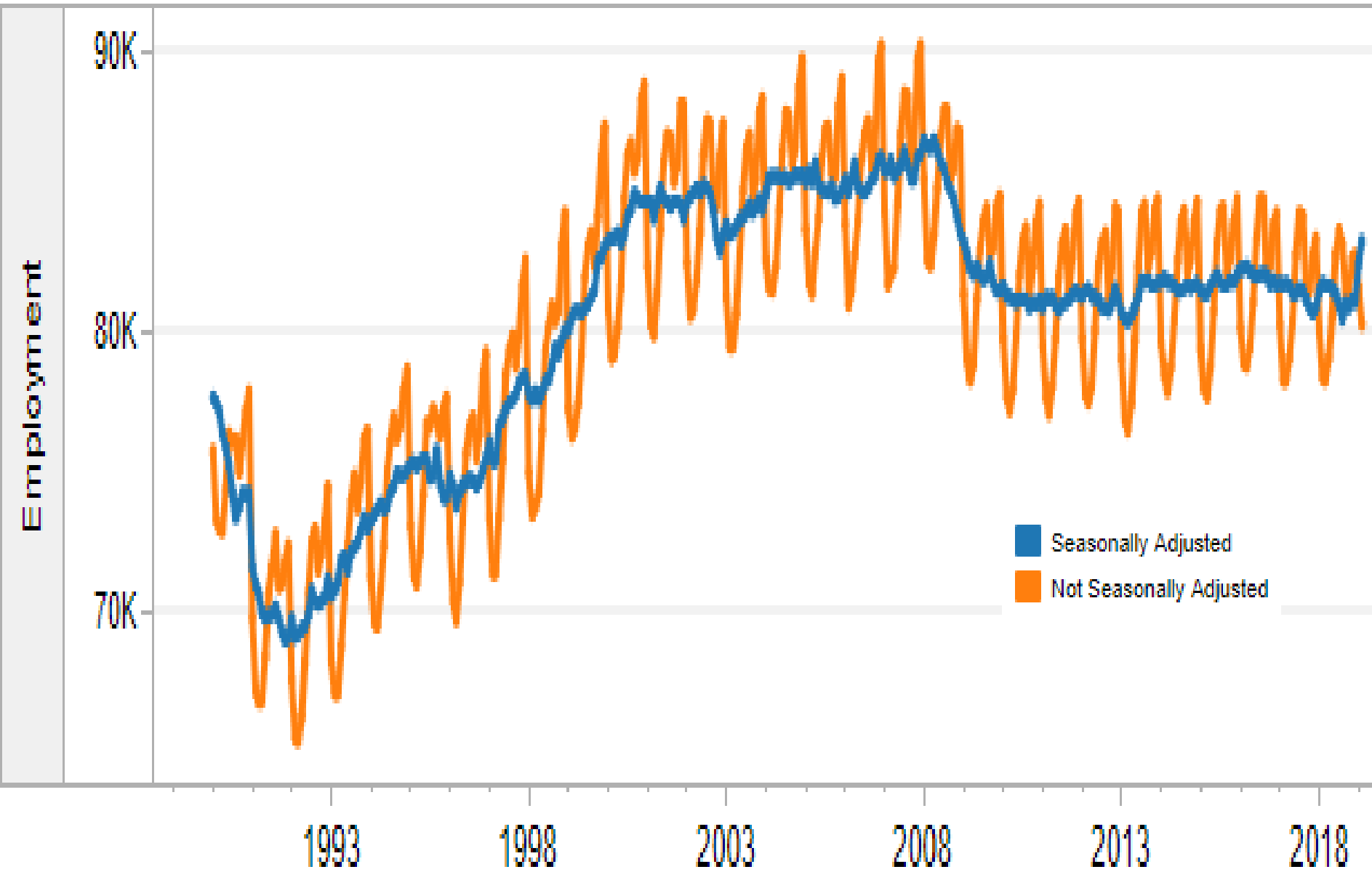
Construction is down over the year and remains well below highs prior to the last recession



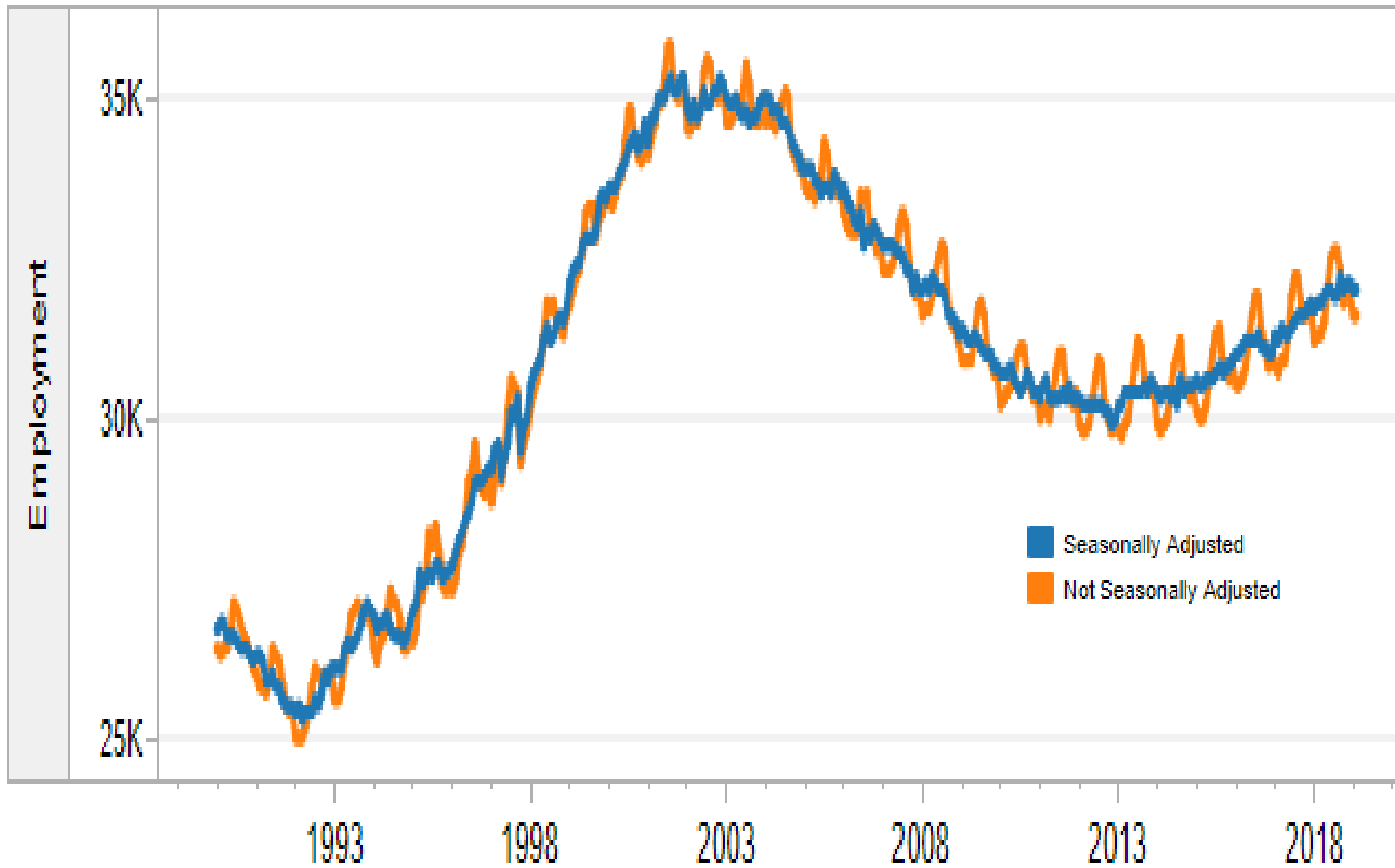
Manufacturing jobs have stabilized after three decades of declines



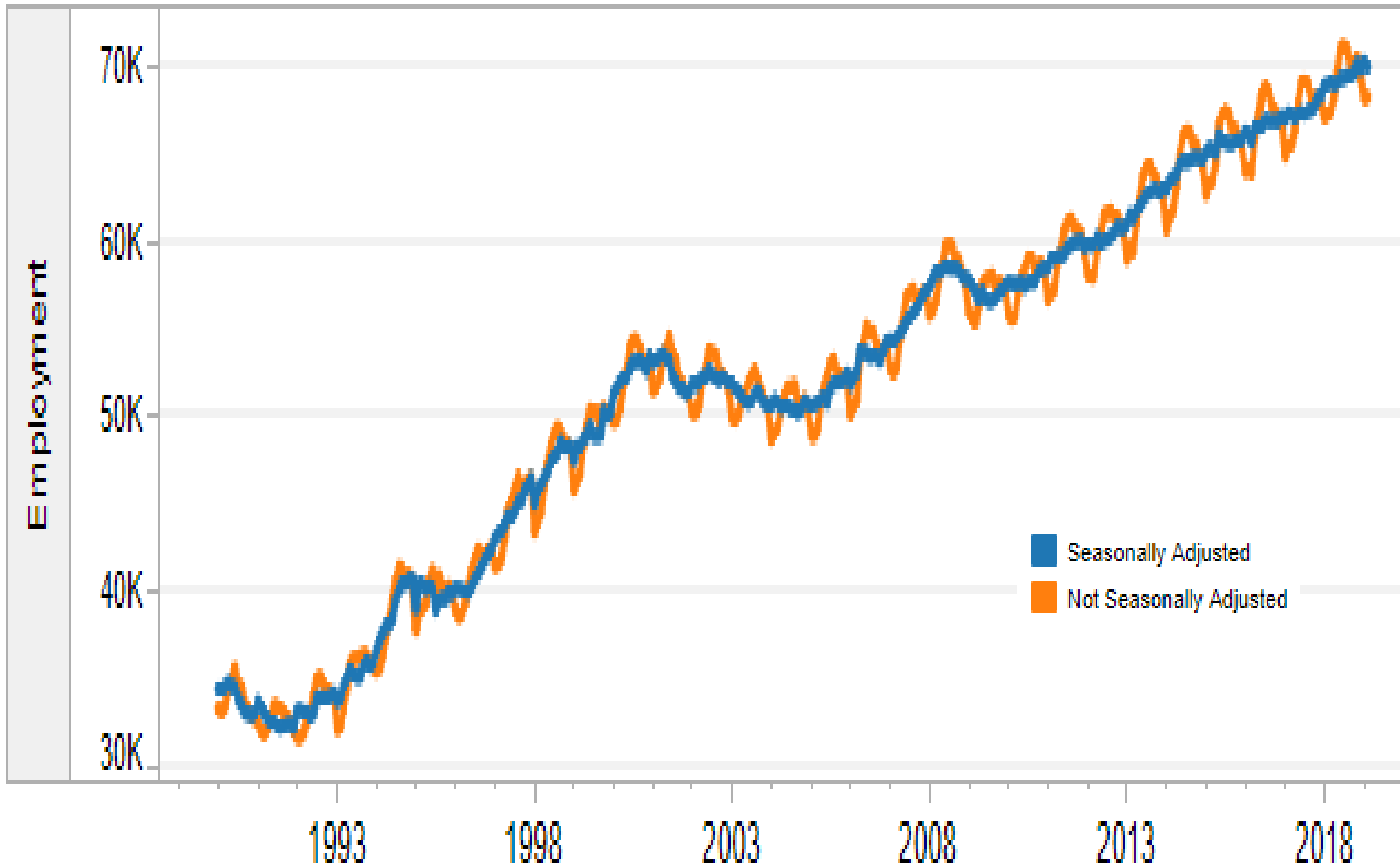
Retail jobs have been relatively unchanged in the last decade at a lower level than prior to the last recession



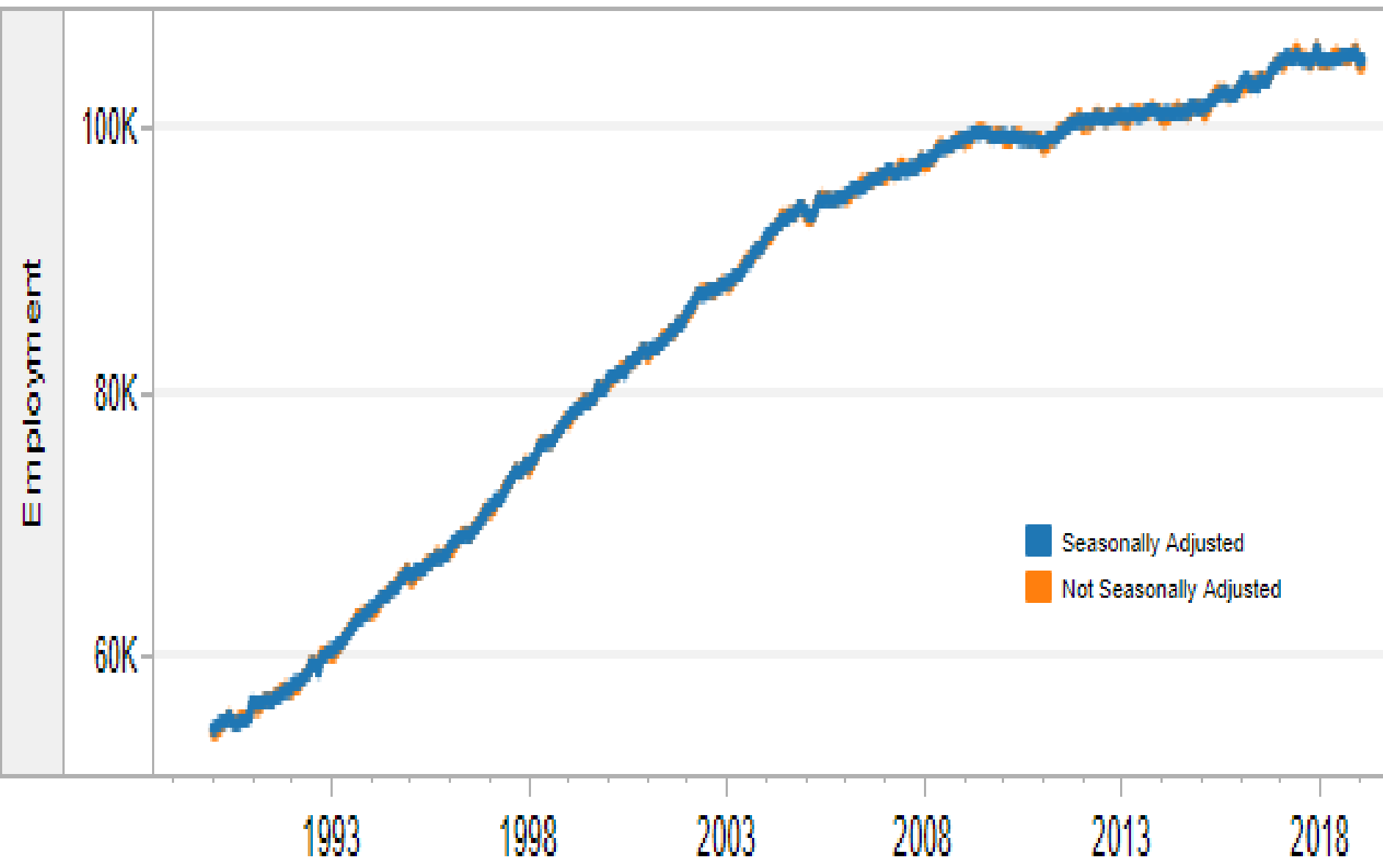
Jobs in the financial activities sector are rising, but remain well below more than decade ago levels



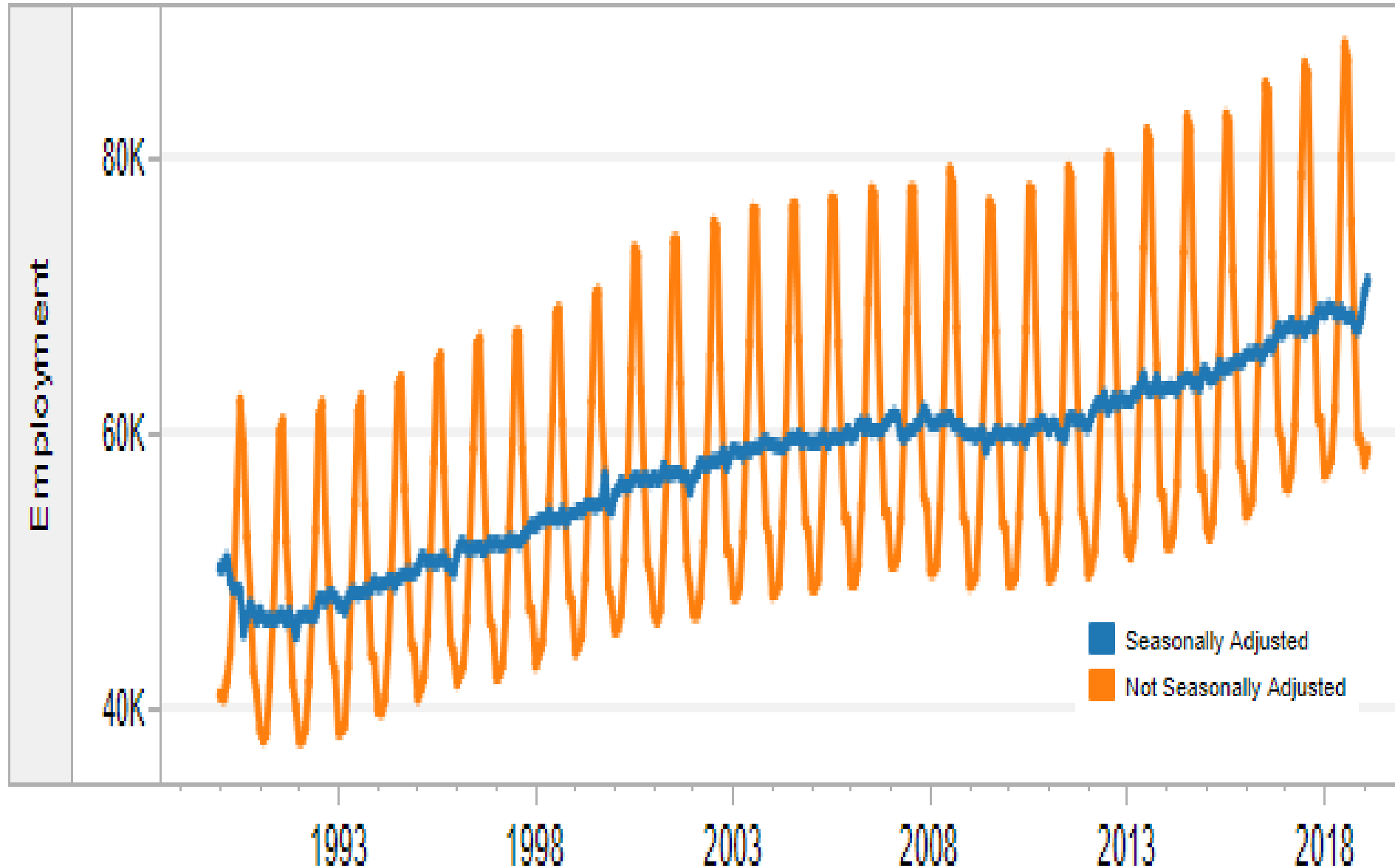
The professional and business services sector continues to grow



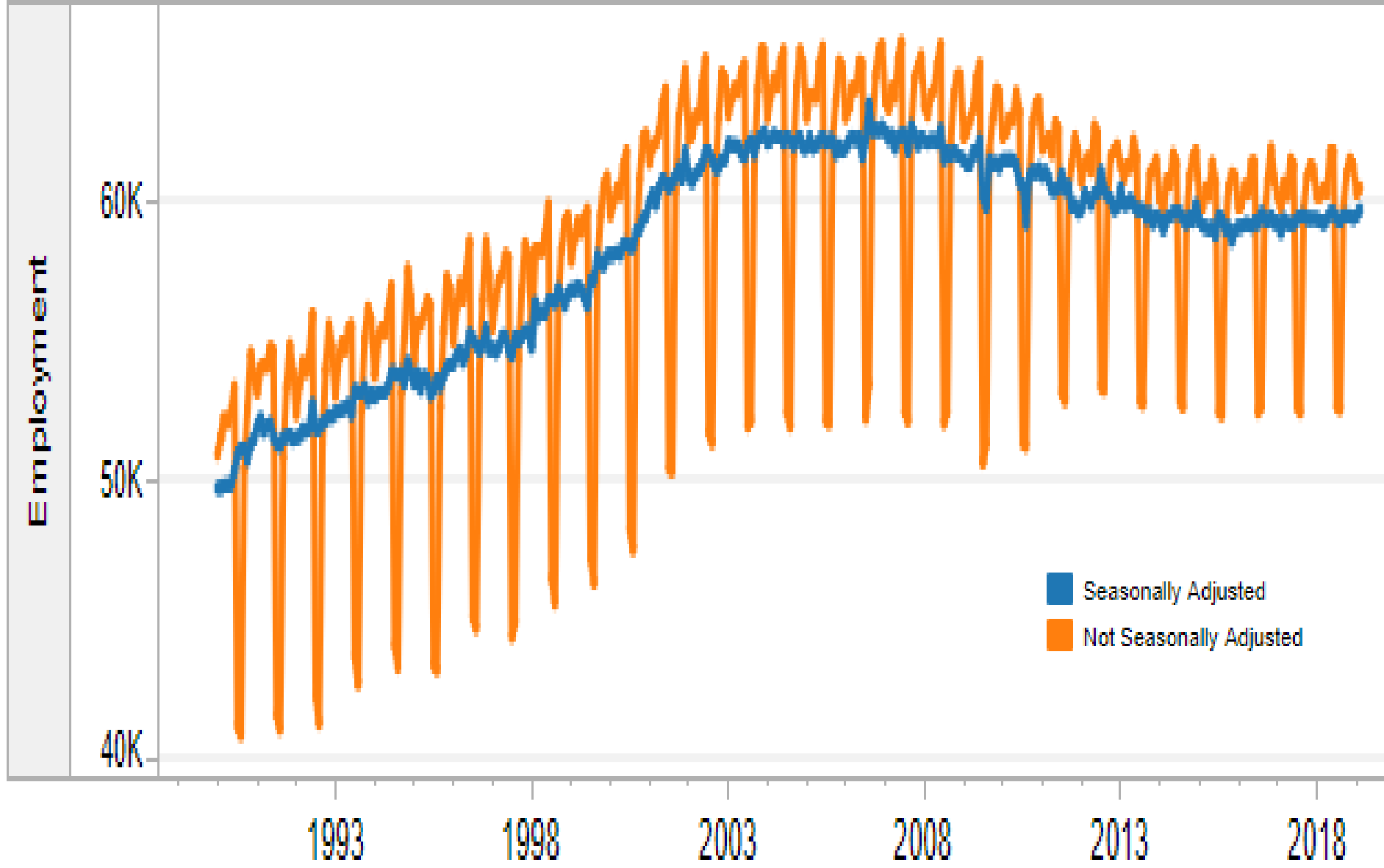
Healthcare and social assistance is the largest sector and continues to add jobs



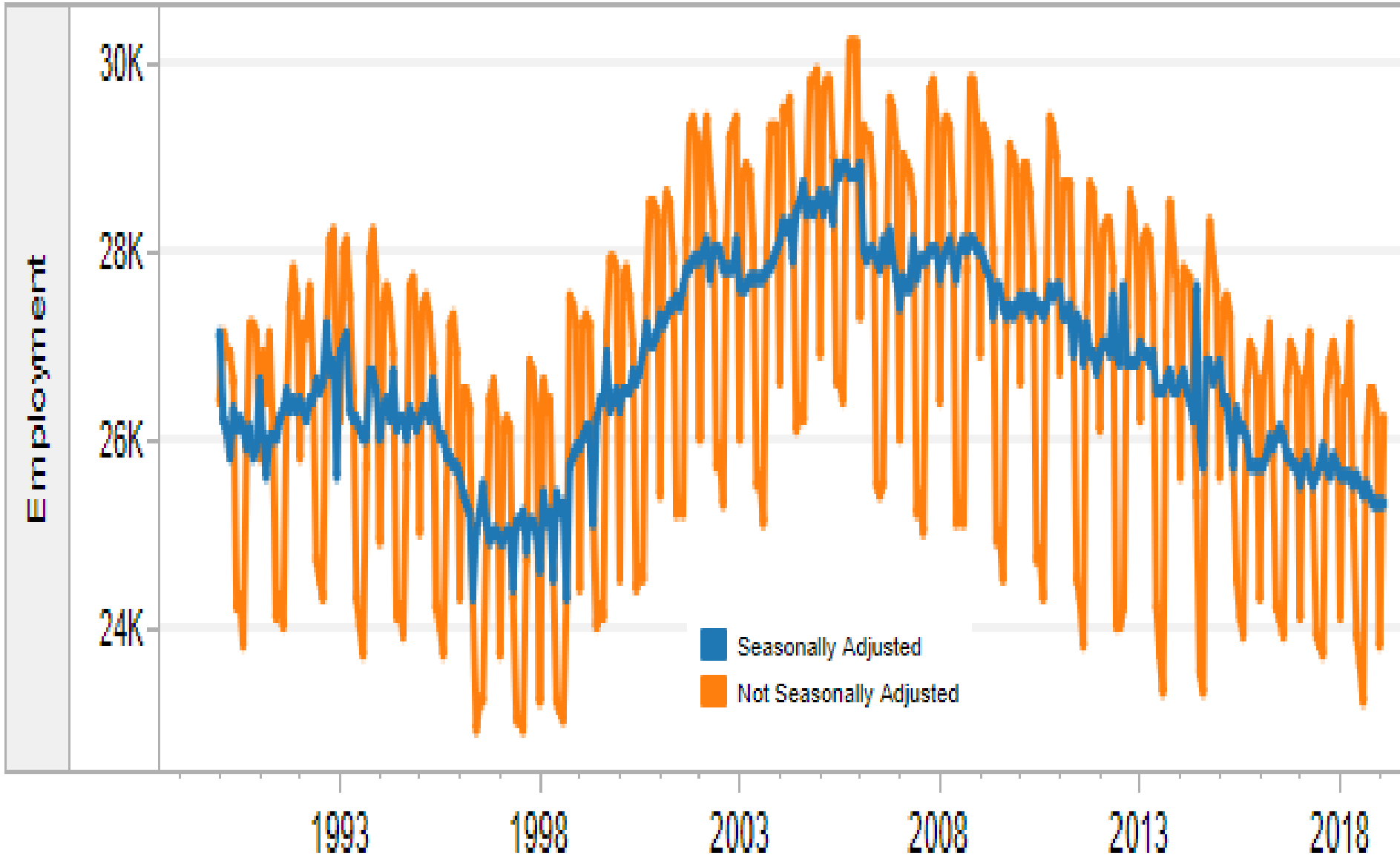
The leisure and hospitality sector continues to rise and remains highly seasonal



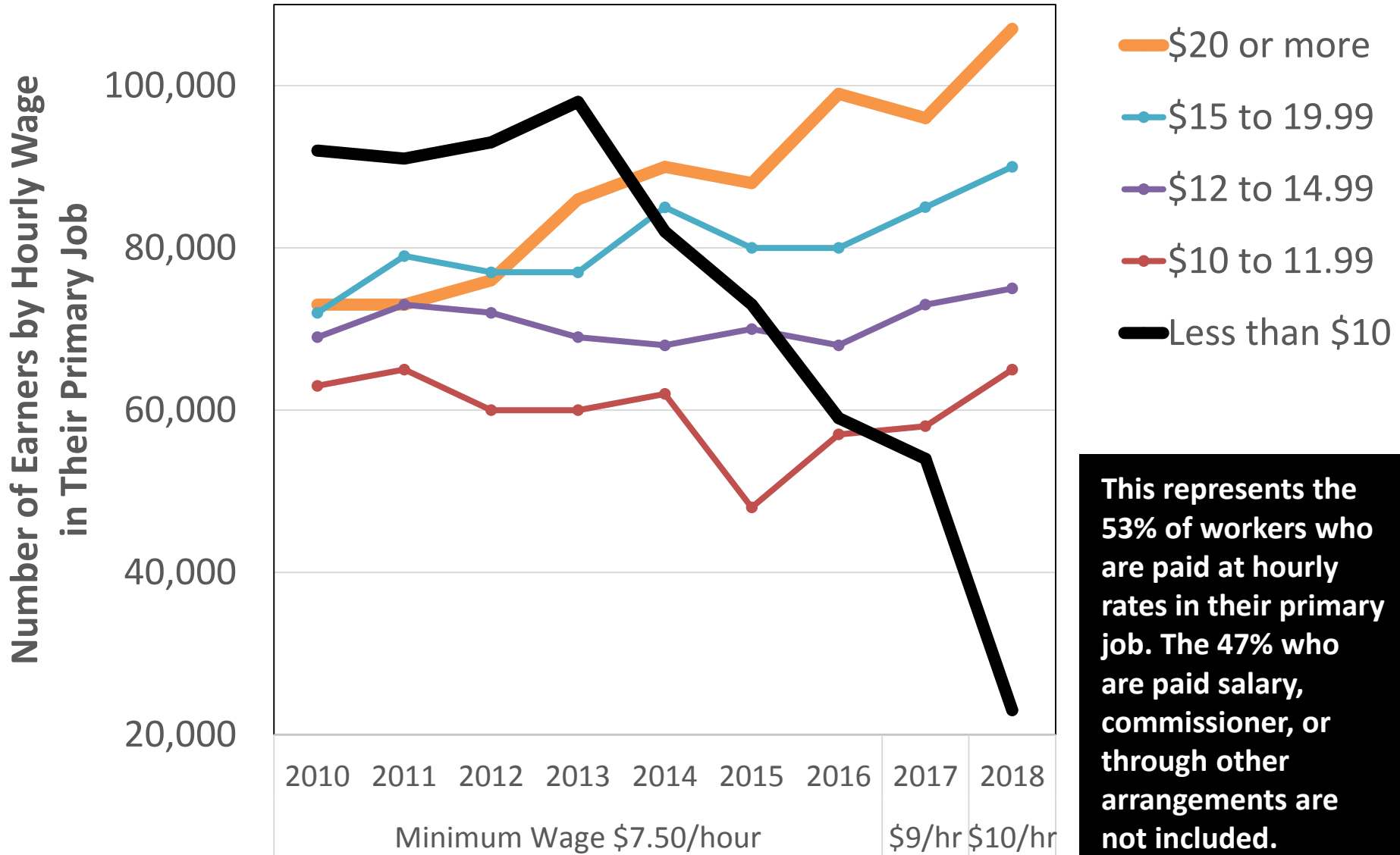
Local government jobs have stabilized; 63% are in schools



State government continues to shed jobs (this includes the University and Community College Systems)

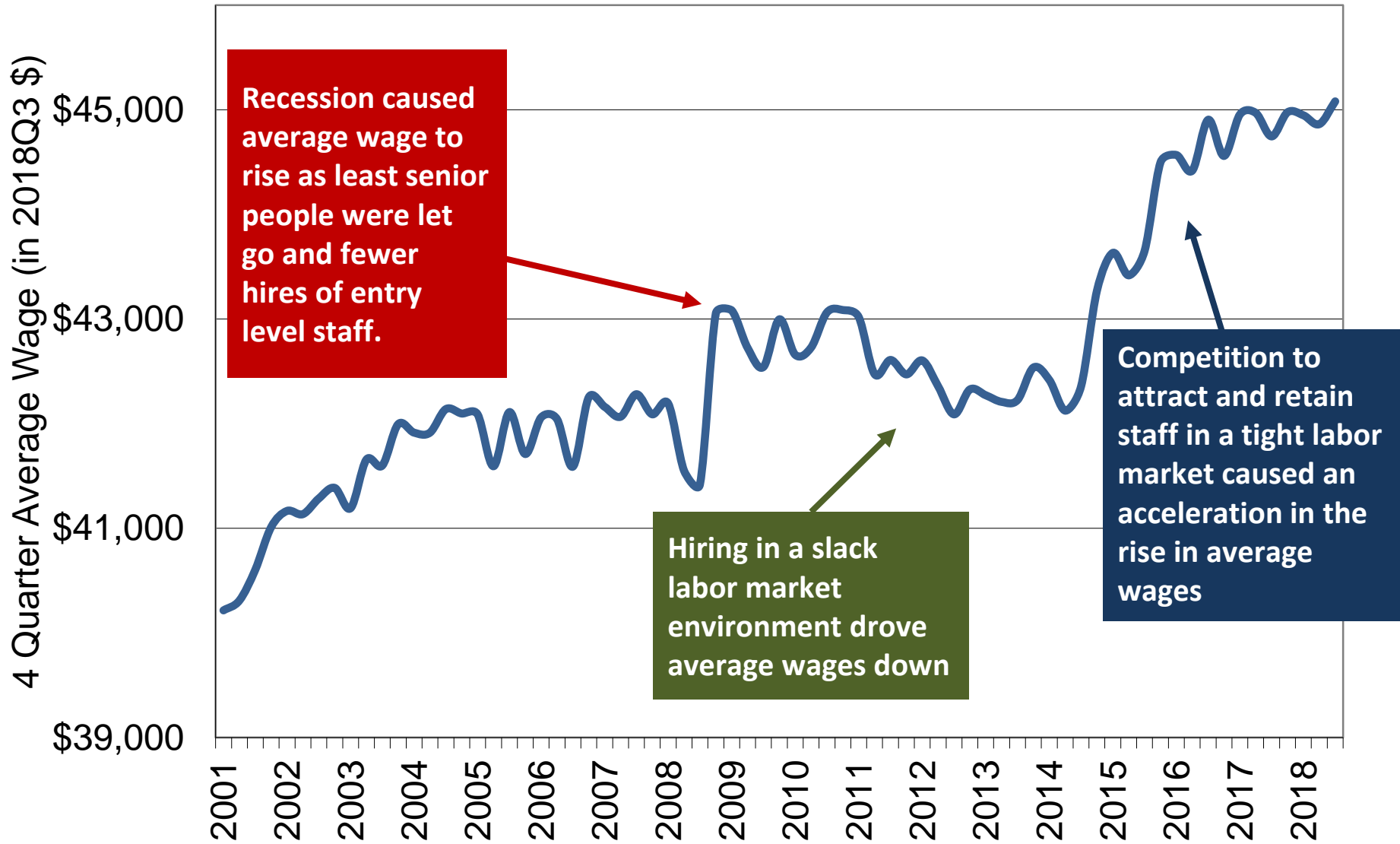


The number of very low wage earners has declined sharply since 2013

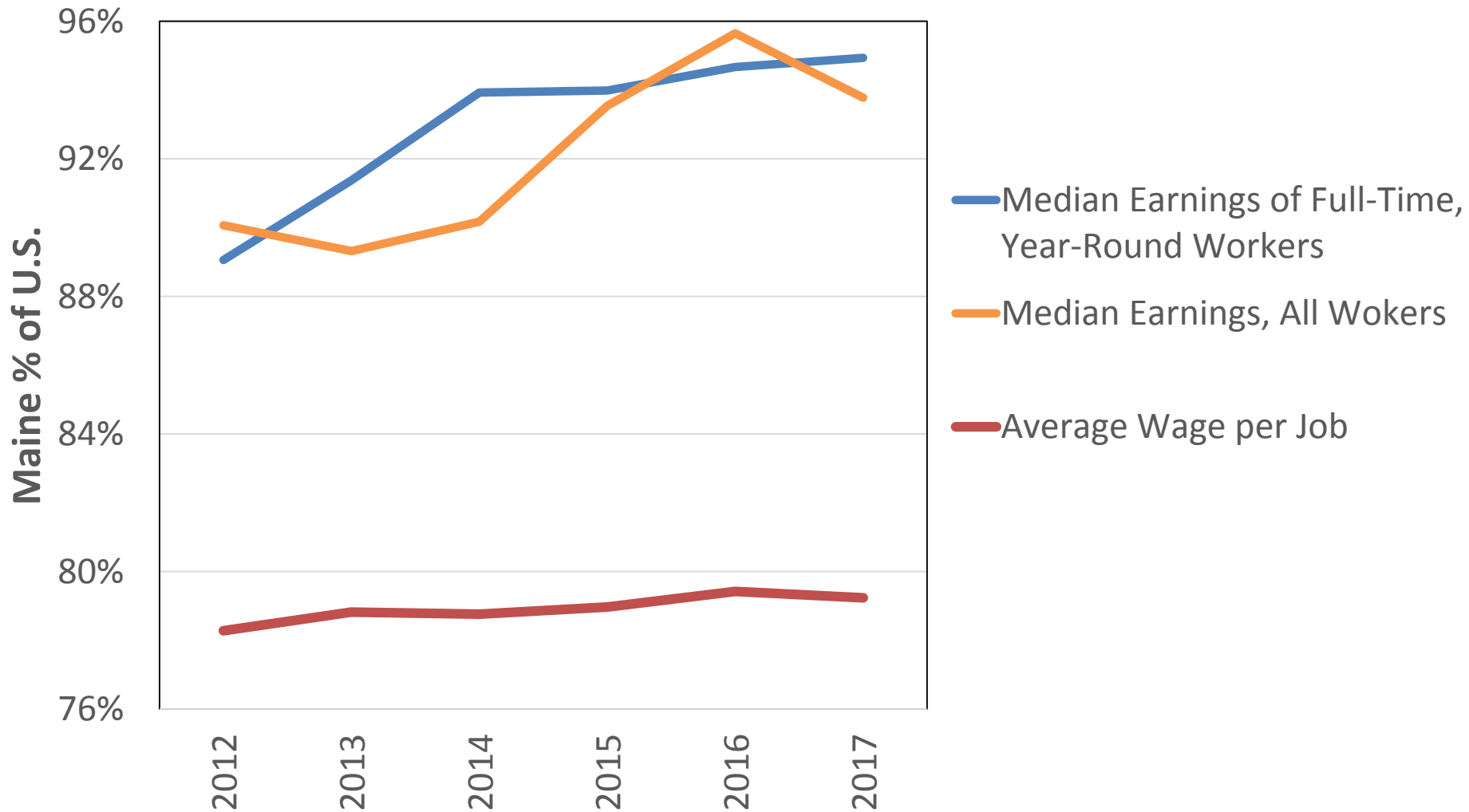


This represents the 53% of workers who are paid at hourly rates in their primary job. The 47% who are paid salary, commissioner, or through other arrangements are not included.

Inflation-adjusted average wages increased at the fastest rate in nearly two decades over the last four years



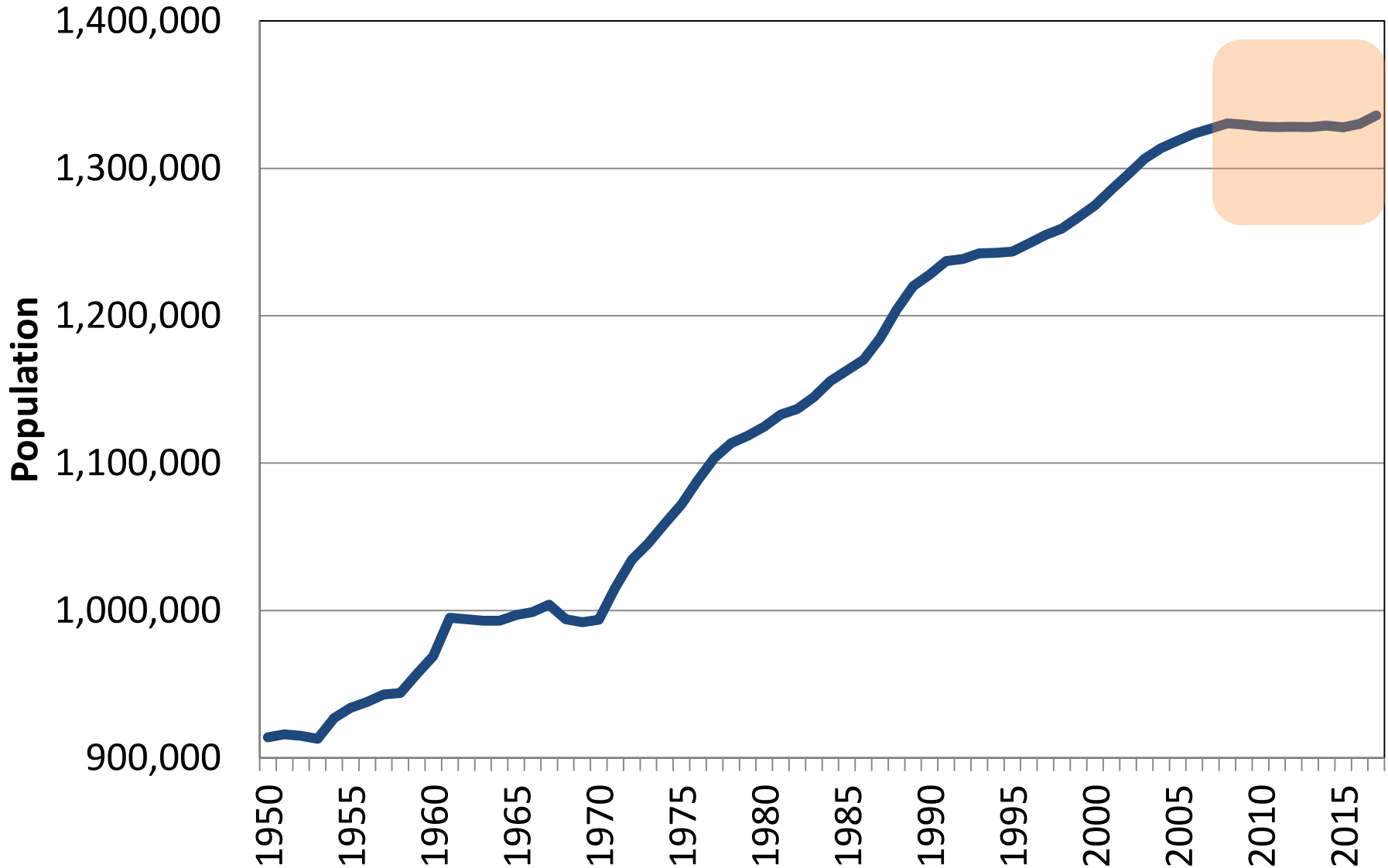
The average wage per job is much lower than the national average, but earnings of residents are much closer. The high share of seasonal hospitality jobs and other factors push the wage average down.



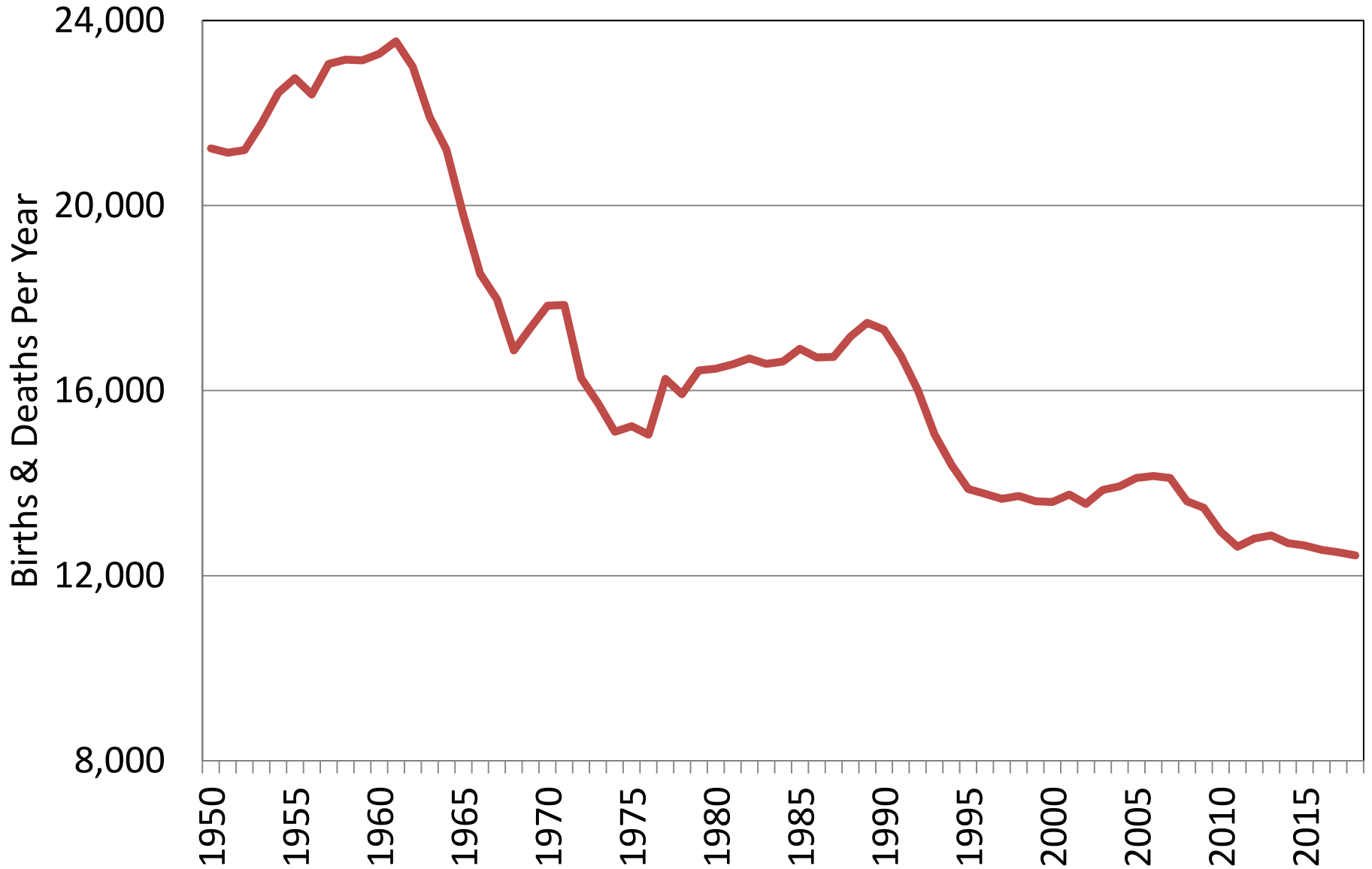
Job growth has been concentrated in urban areas largely because the sectors that are growing tend to be concentrated there – especially healthcare and professional services.

**Long Term
Demographic Trends
Impacting Economic
Growth Potential**

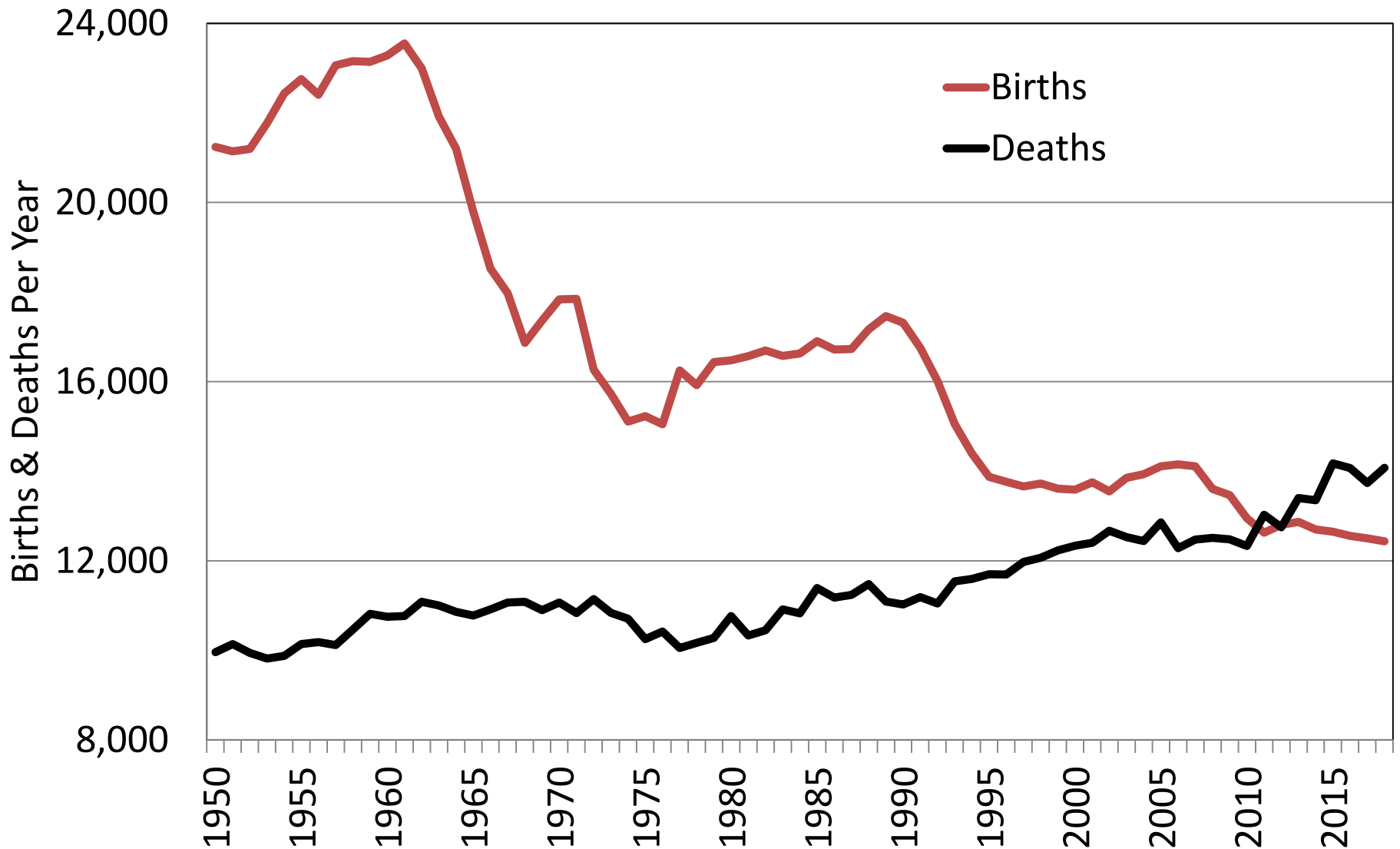
The population has not change much in the last decade.
Two factors underlie this:



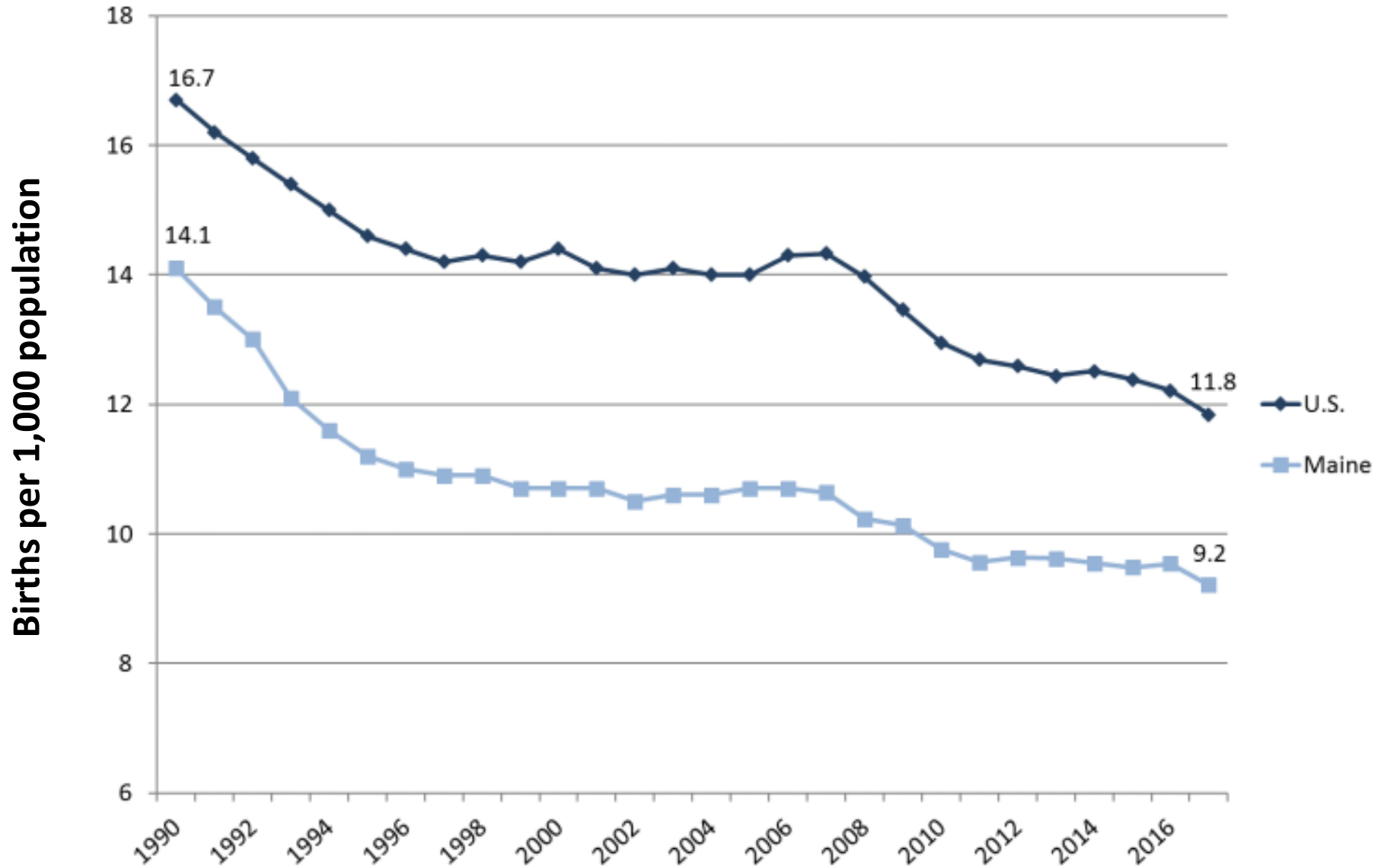
The primary factor slowing population growth is fewer births per year...



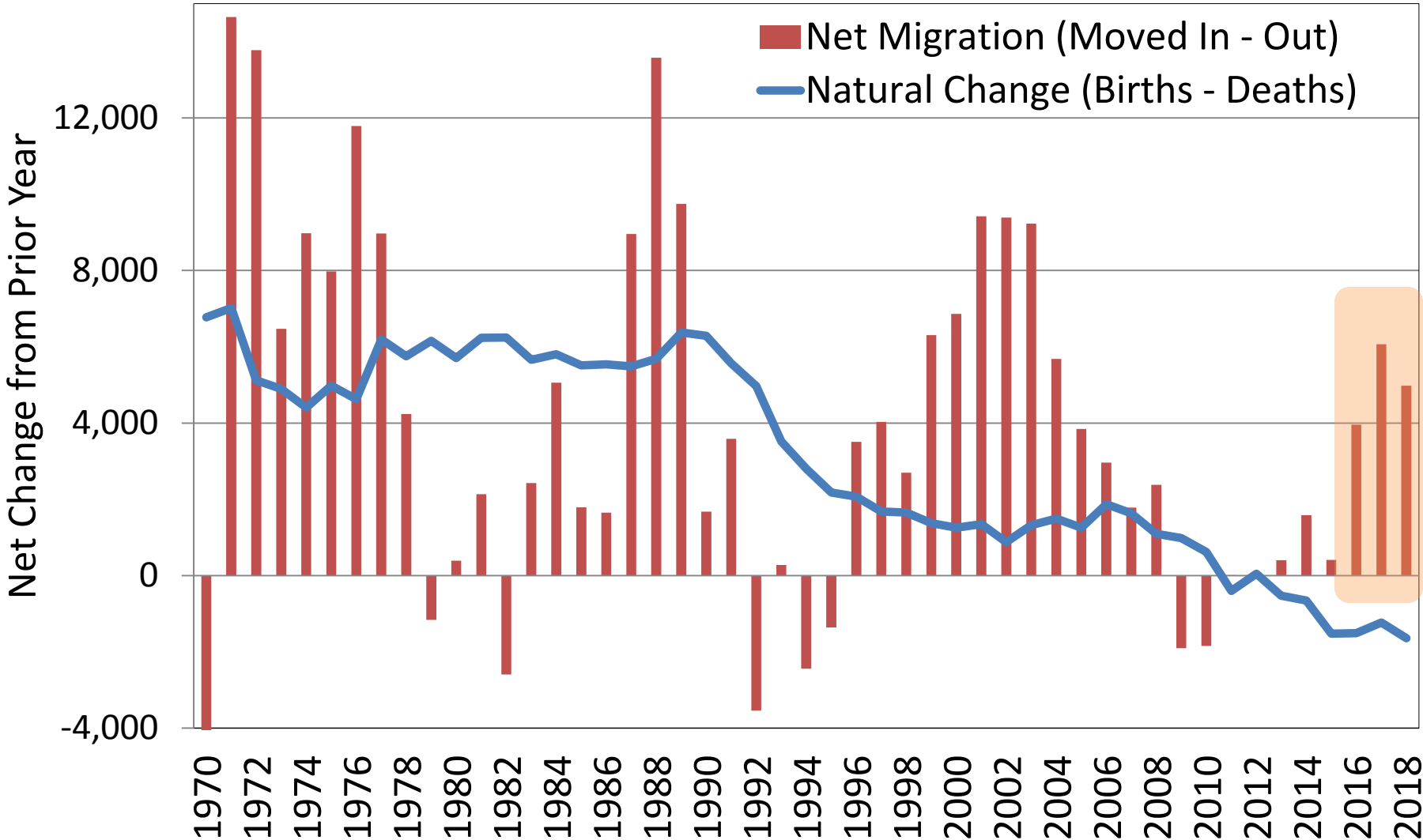
...And rising deaths, primarily due to a larger senior population. Maine had negative natural change 7 of the last 8 years.



Birth rates in Maine are lower than the nation and much of the advanced world



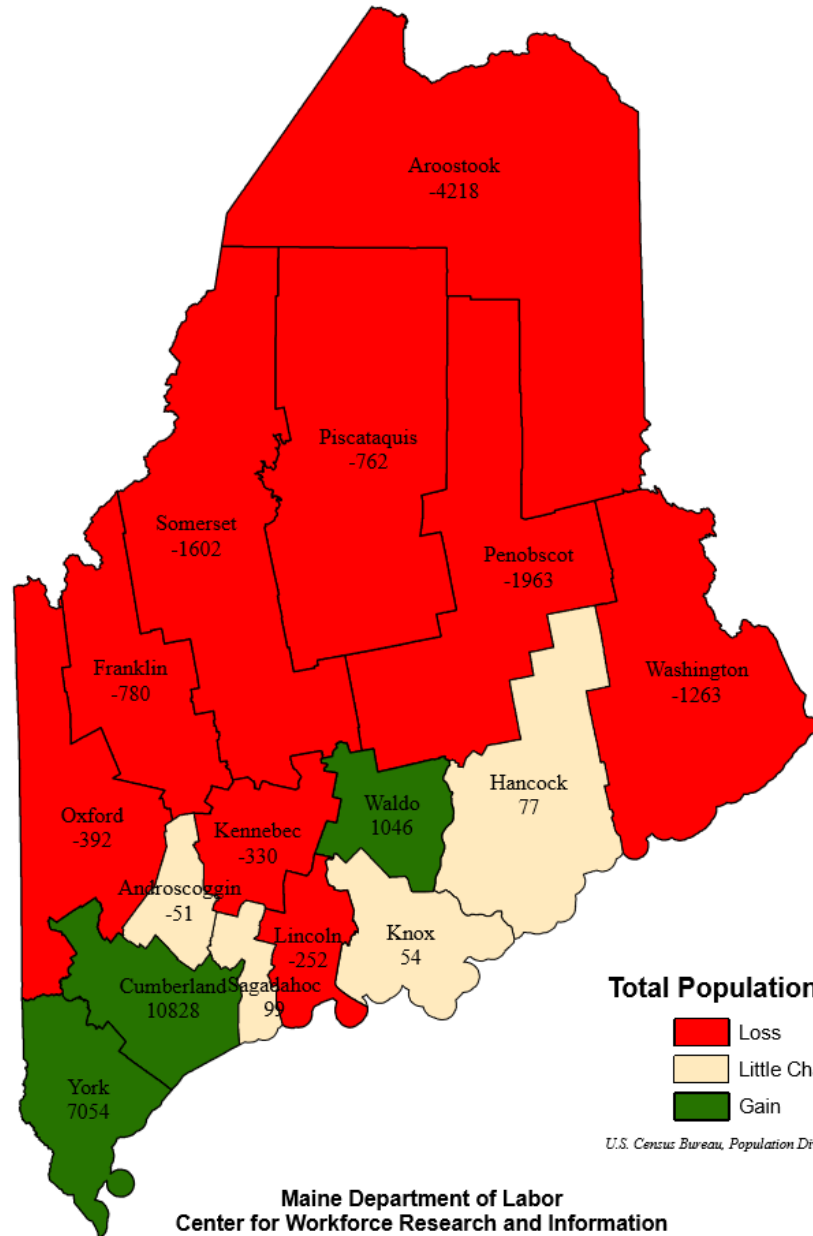
The second factor that slowed population growth in the last decade was little net in-migration. There has been an acceleration recently, which will need to be sustained to offset natural decline.



Total Population Change 2010-2017

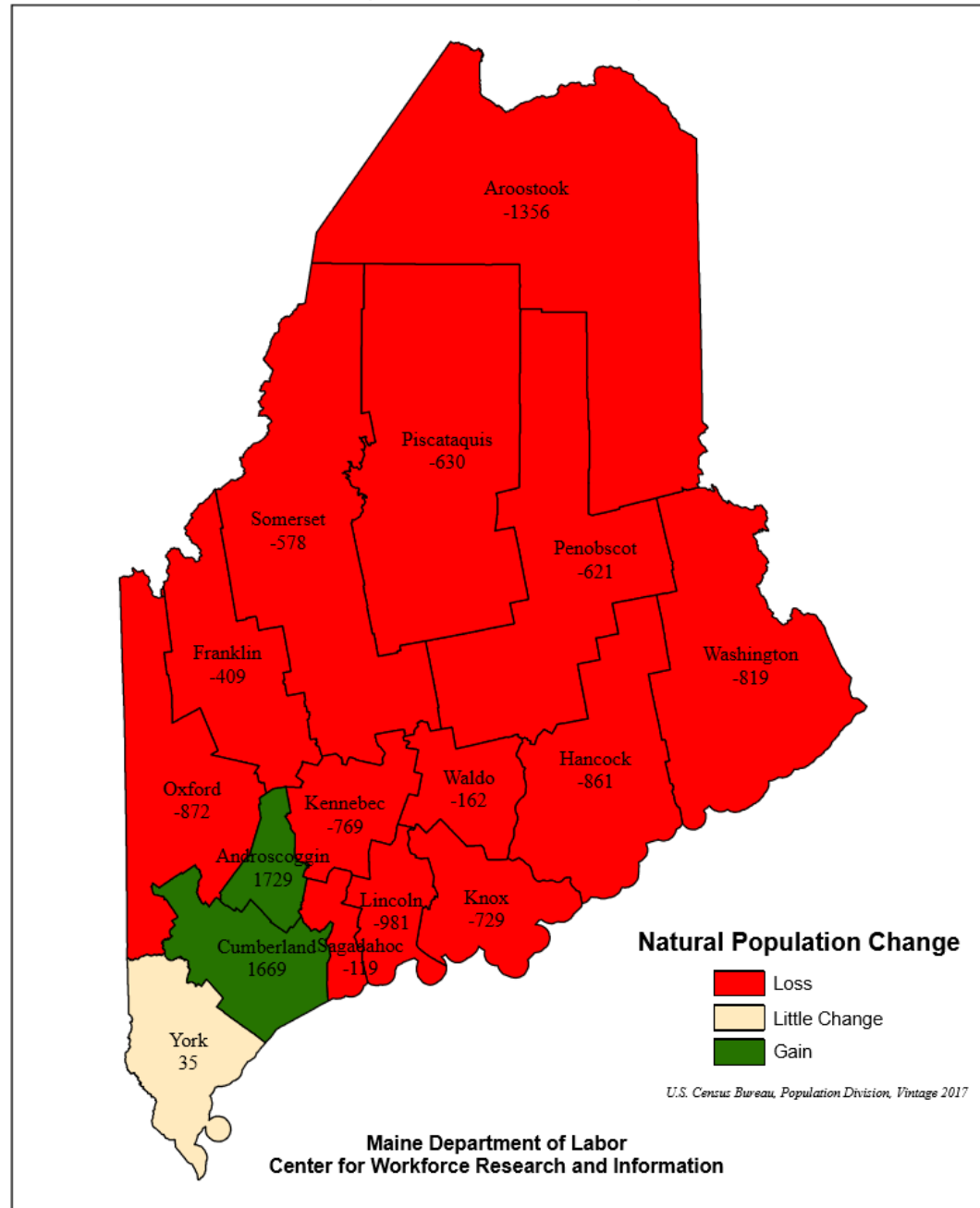
Continuing a long term trend, the population increased in the south, didn't change much in central and mid-coast regions, and decreased in north of the state since 2010.

(The change in total population is the balance of natural change and net migration, though totals by county don't exactly add up for technical reasons.)



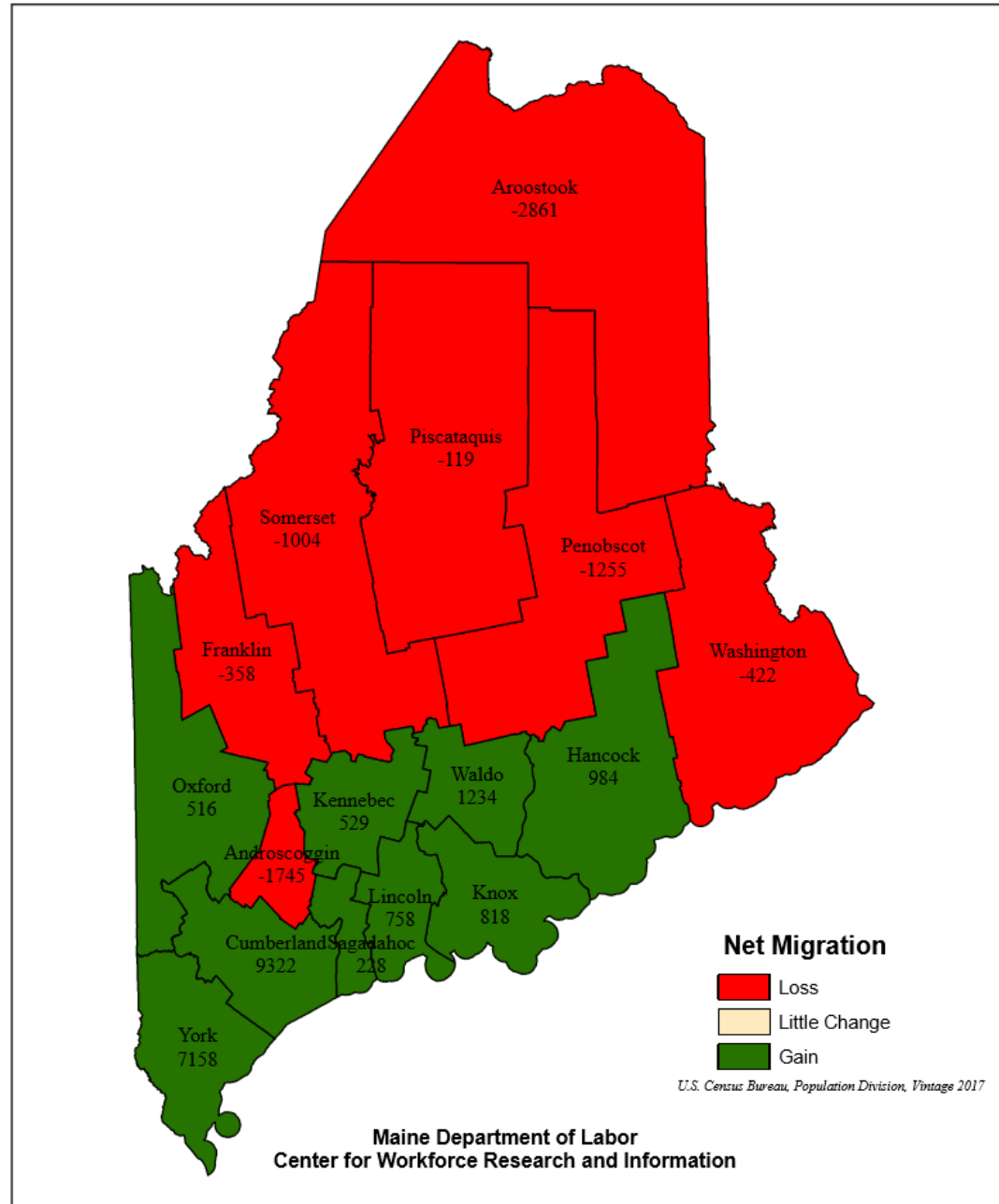
Natural Population Change 2010-2017 (Births Minus Deaths)

Only Cumberland and Androscoggin counties have had significant natural increase since 2010.

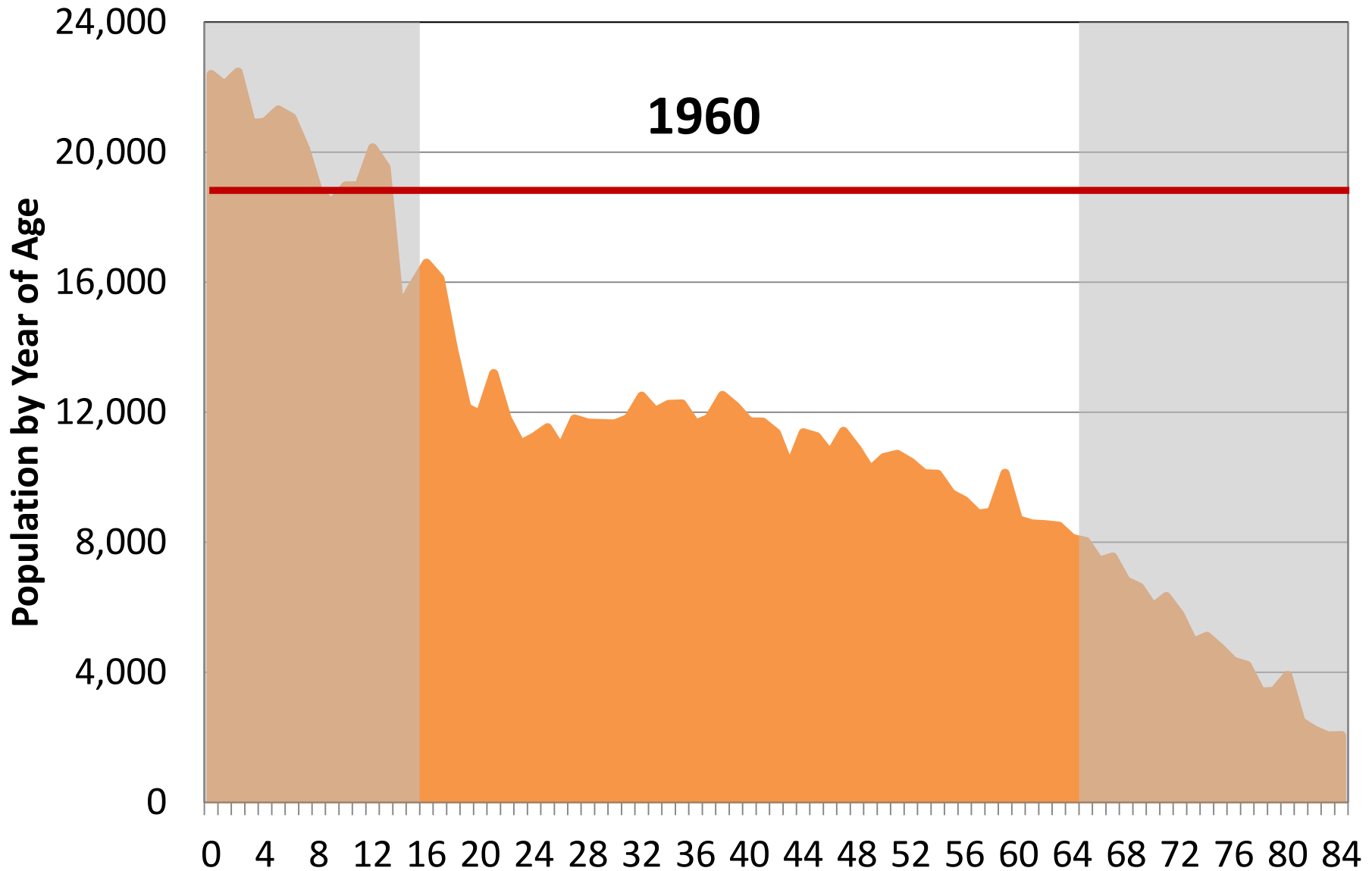


**Net Migration 2010-2017
(Moved In Minus Moved Out)**

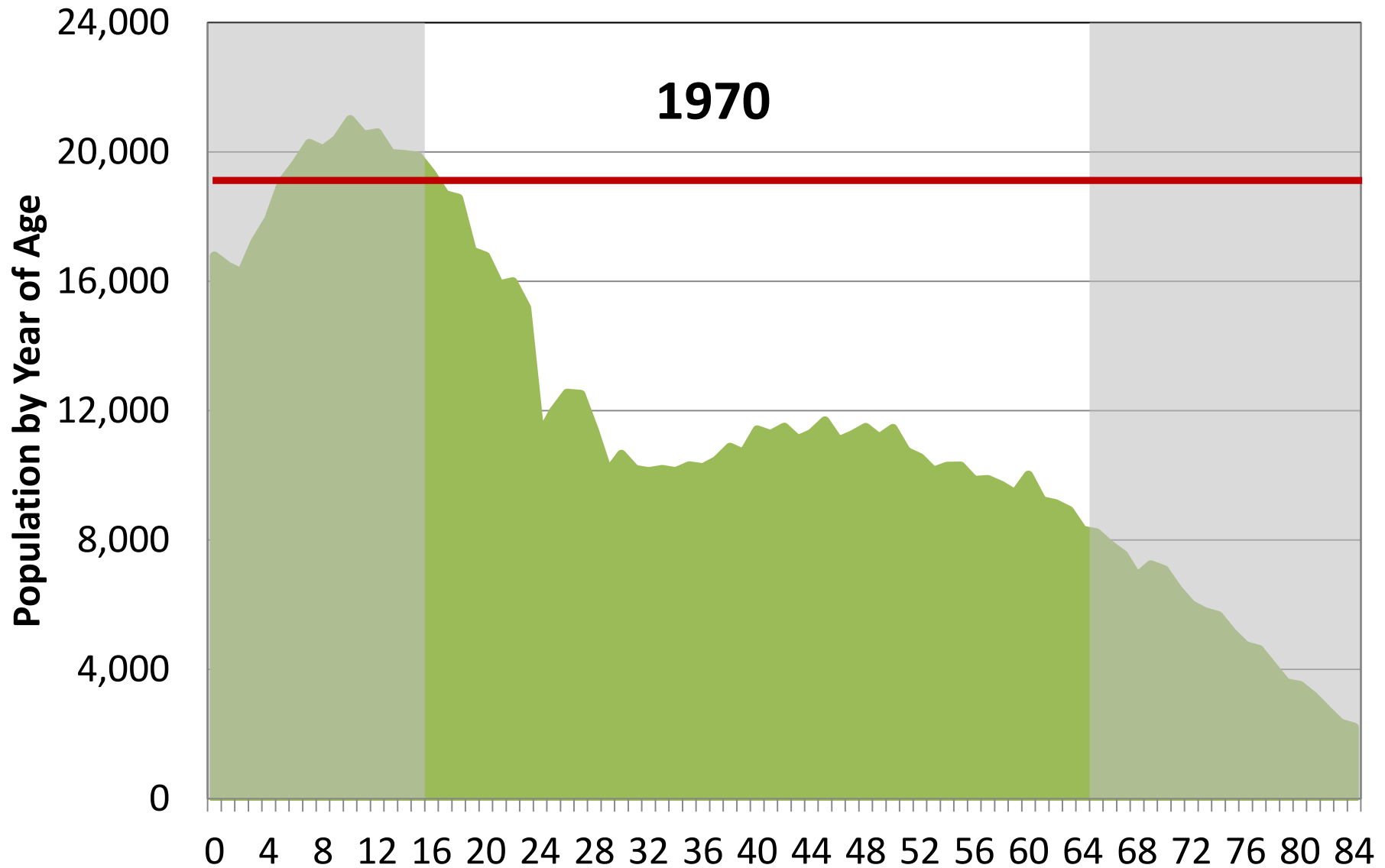
Migration since 2010 has been uneven across the state. Seven counties, mostly in the north, had a net outflow of nearly 7,800 people; nine counties had a net inflow of 21,500 people, 75% of which was in York and Cumberland counties.



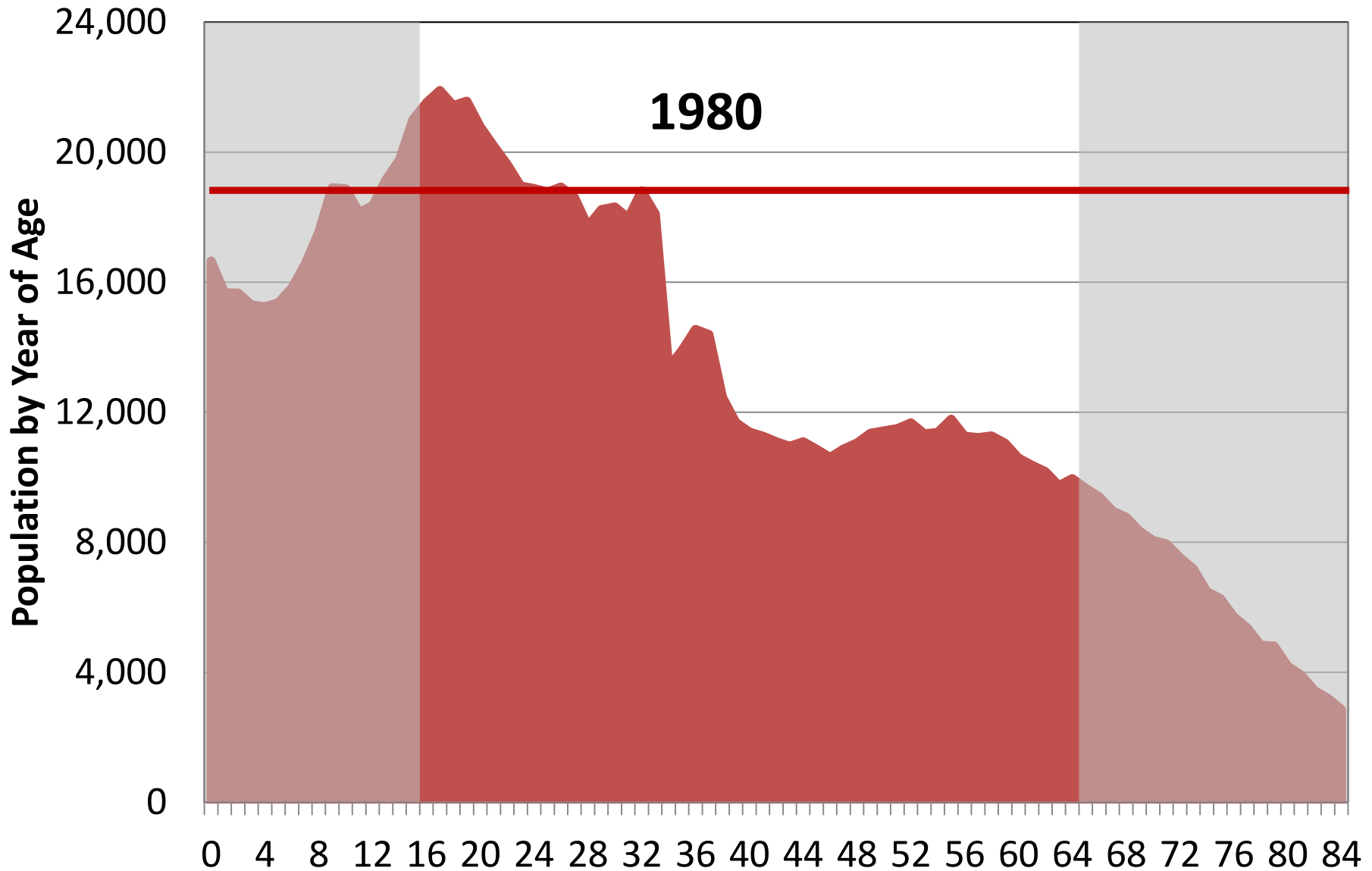
The decline in births caused a population imbalance. Baby boomers advancing in age had a major impact on the economy.



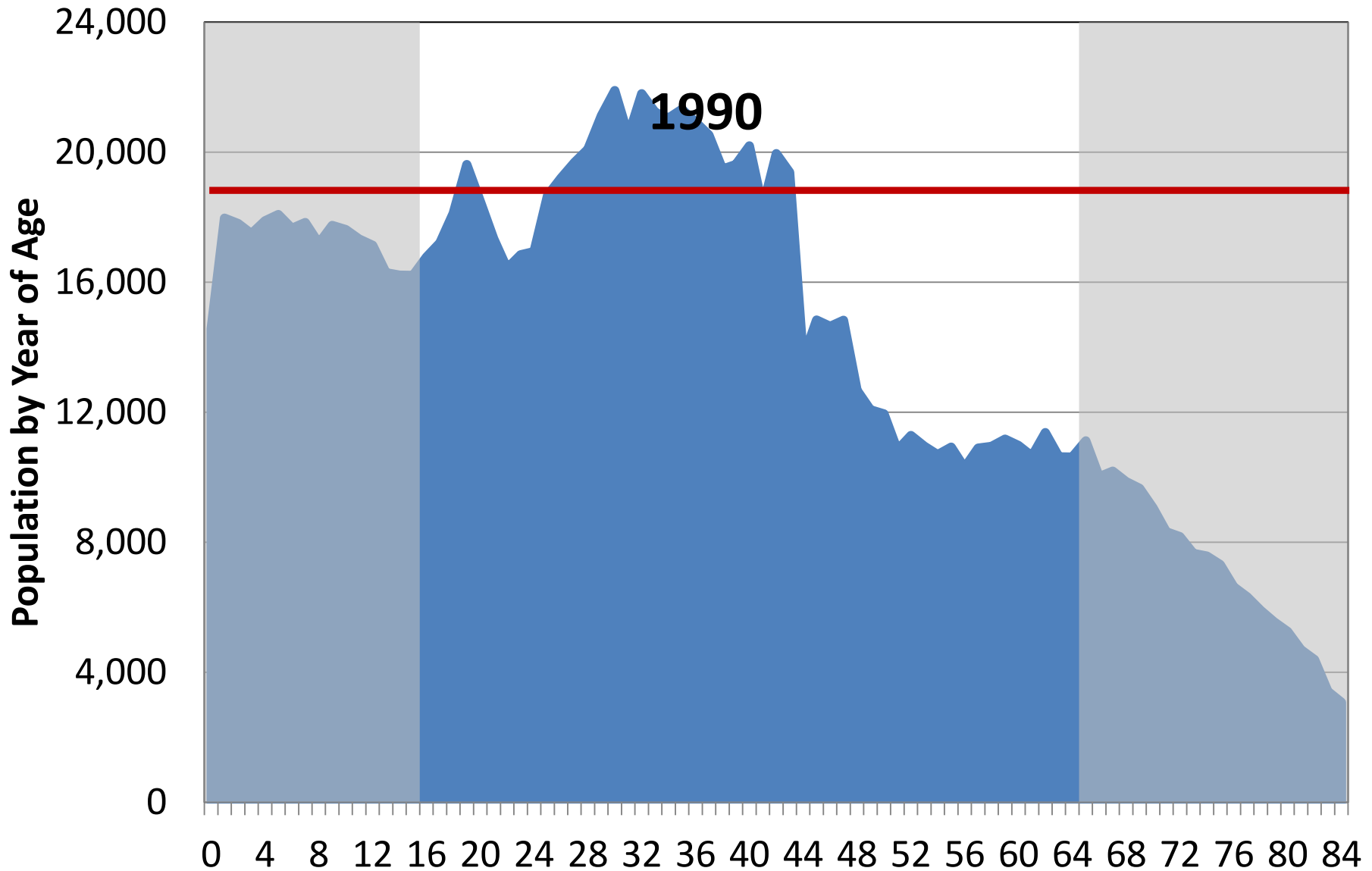
The decline in births caused a population imbalance. Baby boomers advancing in age had a major impact on the economy.



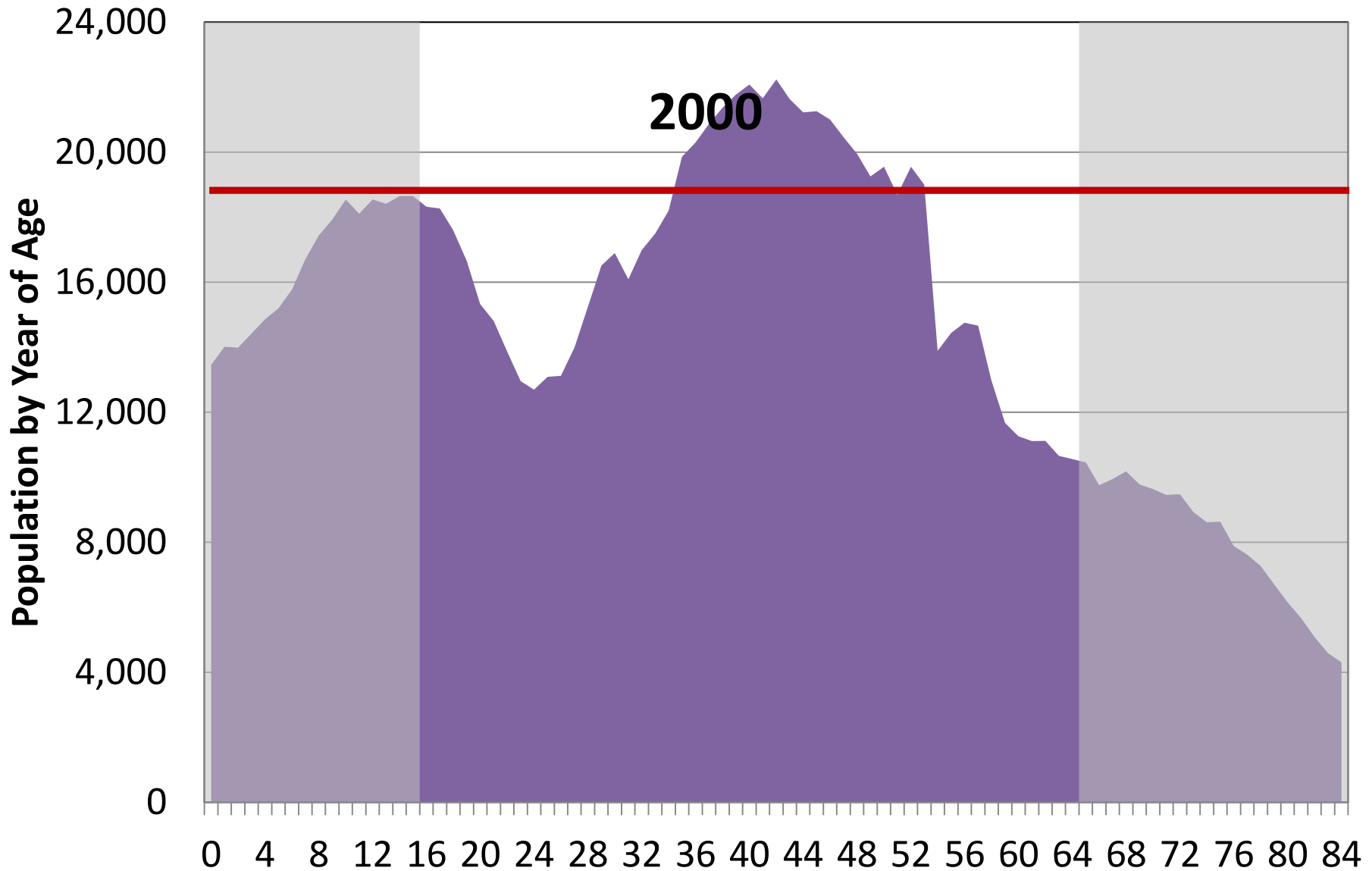
The decline in births caused a population imbalance. Baby boomers advancing in age had a major impact on the economy.



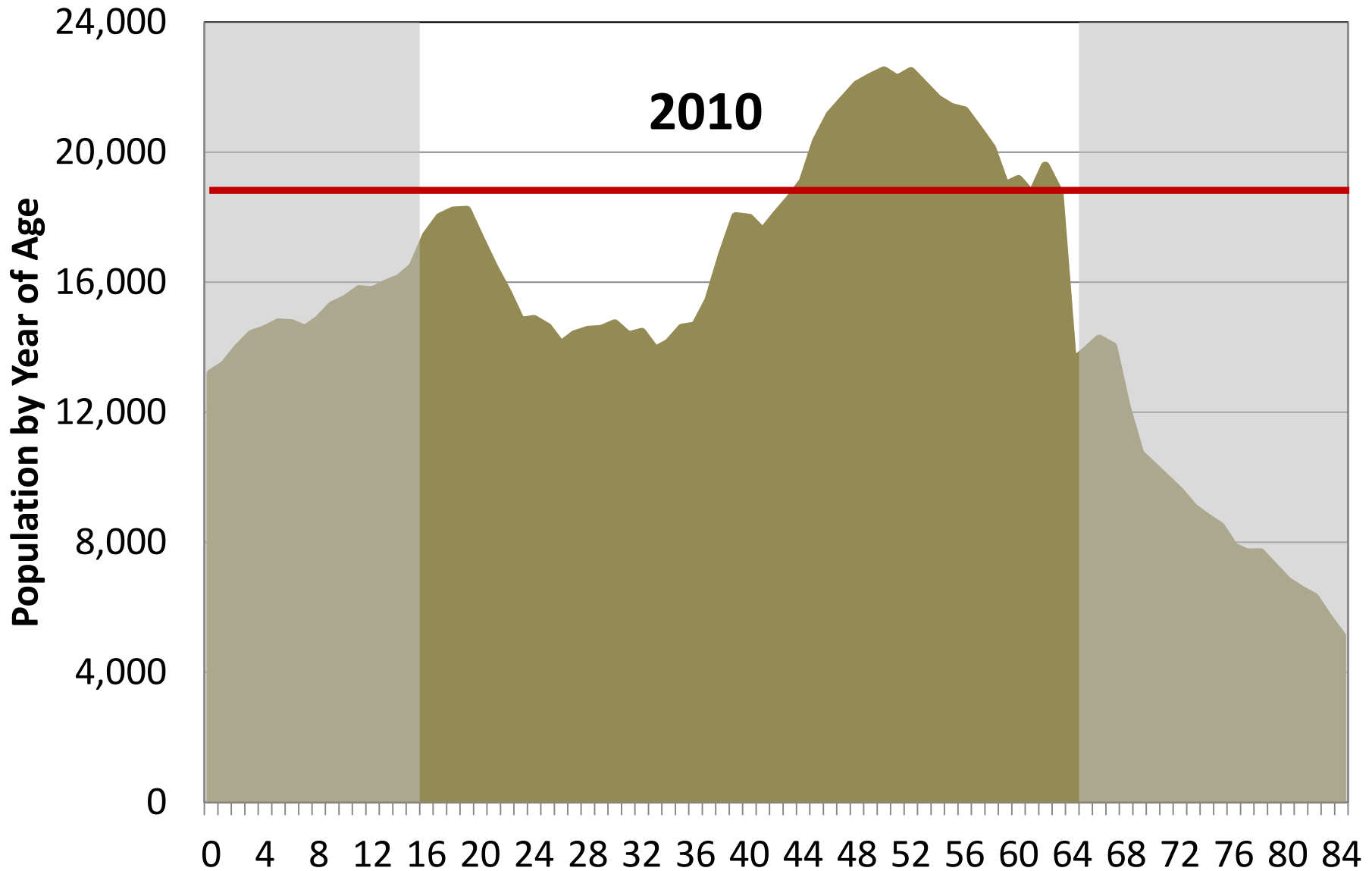
The decline in births caused a population imbalance. Baby boomers advancing in age had a major impact on the economy.



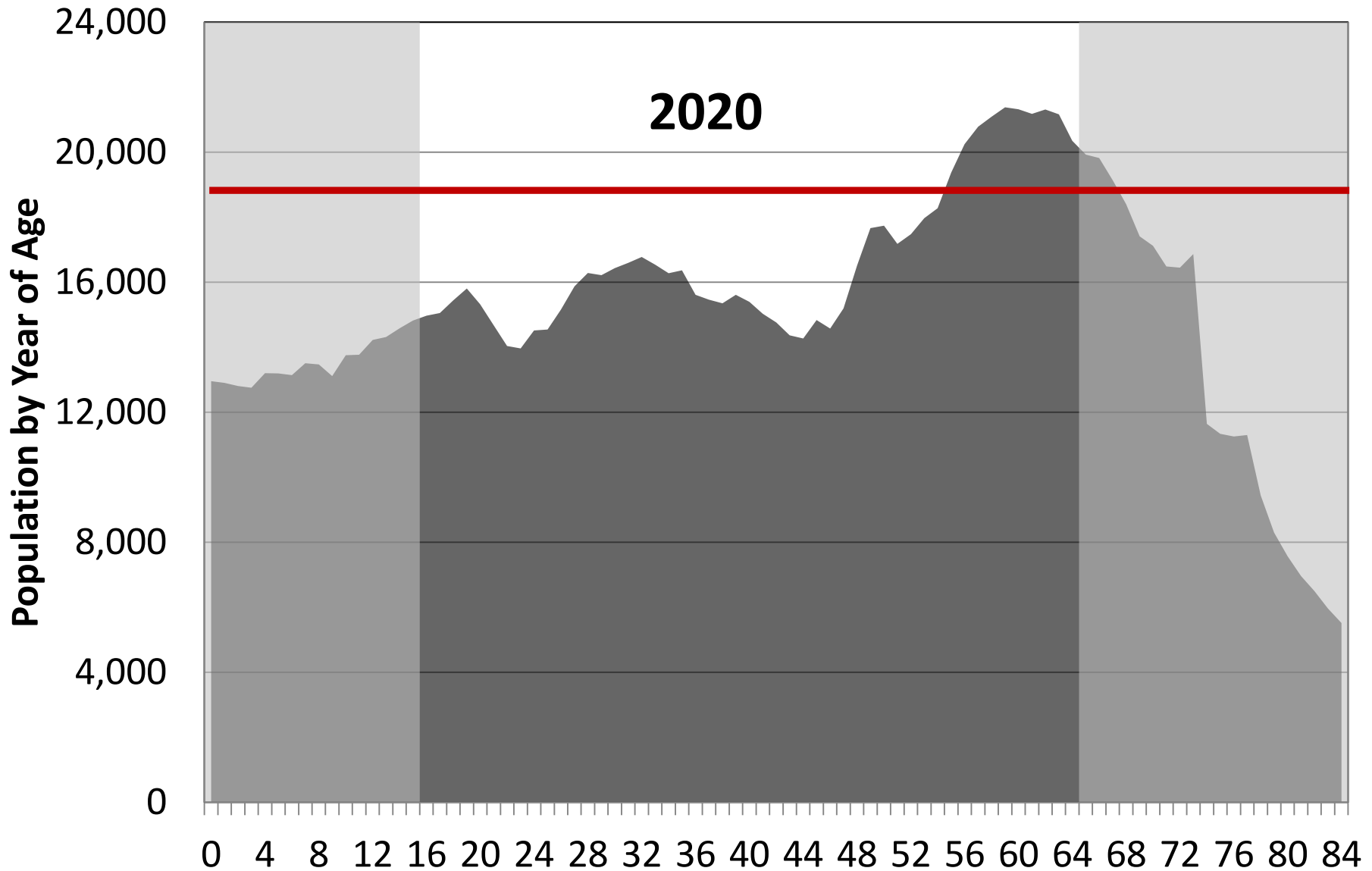
The decline in births caused a population imbalance. Baby boomers advancing in age had a major impact on the economy.



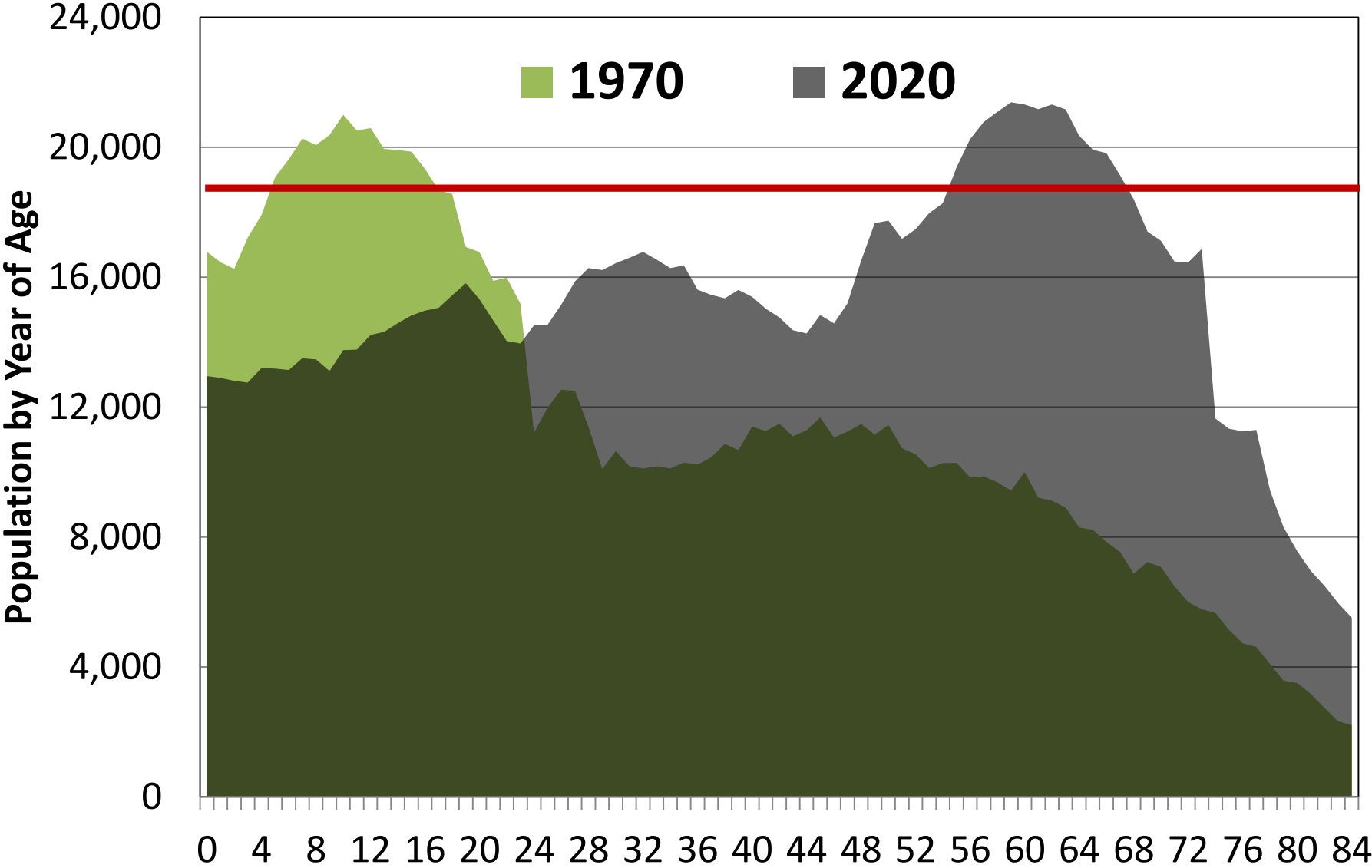
The decline in births caused a population imbalance. Baby boomers advancing in age had a major impact on the economy.



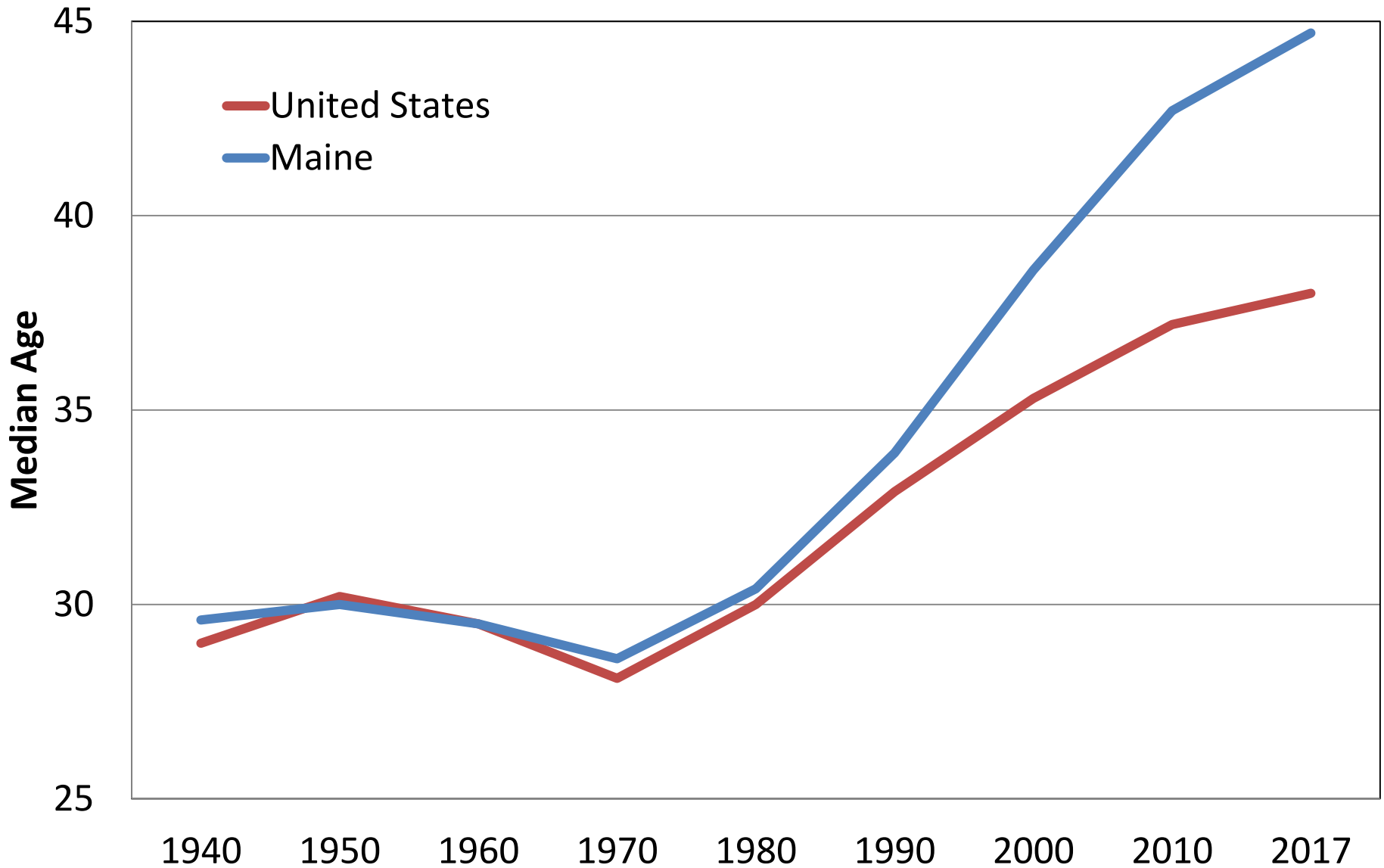
The decline in births caused a population imbalance. Baby boomers advancing in age had a major impact on the economy.



We went from young to middle-aged, on the verge of a massive wave of retirements, in 50 years...the length of a career



Maine's median age of nearly 45 years is the highest in the nation and is up 56% since 1970



Workforce Outlook to 2026

Media coverage of our forecast of no net job growth from 2016 to 2026 described a grim situation

“Department of Labor predicts that the state will have virtually zero growth in jobs”

“Maine’s economy will struggle to tread water”

“...companies will not invest if they don’t think they will be able to hire workers and workers don’t move to a place where there are no jobs (which) means that the state will have few options available to change the cycle.”

Department of Labor “projects with a shortage of young workers, the Mainers who live and work here now will stay on the job longer.”

“The report is the latest evidence that Maine is on a path to long-term economic stagnation...and young Mainers leaving the state for better opportunities elsewhere.”

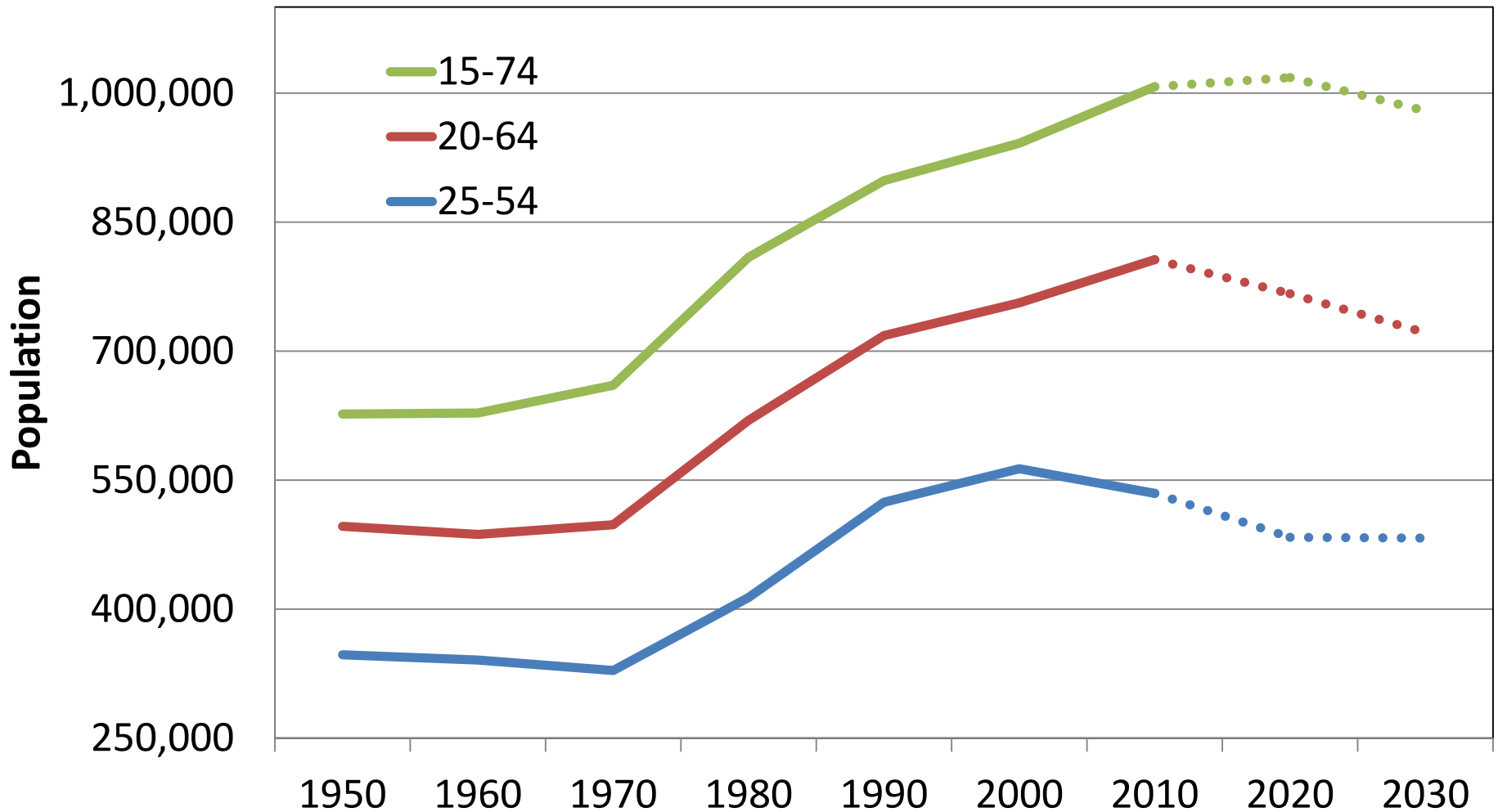
The labor market is more dynamic than those characterizations, even when there is little growth

There is a constant flow of people into and out of the labor force over time: young people reach working-age, older people retire, some take time out of labor force to gain an education or work credential or to raise children, and then return to work. Others advance their job knowledge, skills, and qualifications that allow them to move up the career ladder. Some people relocate to another community for a better job or for other reasons.

Notions of stagnation and lack of opportunity miss what is actually happening. There will be very large numbers of job openings each year to replace those who will be retiring. There is every reason to believe that wages will continue to rise as a result of continued low unemployment and competition for staff.

Automation has already replaced humans in many routine or repetitive tasks. Human resource challenges should lead to innovations in the production of goods and delivery of services. Advances in artificial intelligence will expand technology into the realm of cognitive and problem solving functions.

The 25 to 54 age group, which has the highest rates of labor force participation, peaked in the early 2000s. The 15 to 74 group, which includes nearly all working people, is peaking and will gradually subside over the next decade.



As a result, we expect little labor force change through 2026, continuing the recent trend

