



# Consensus Economic Forecasting Commission

March 30, 2021

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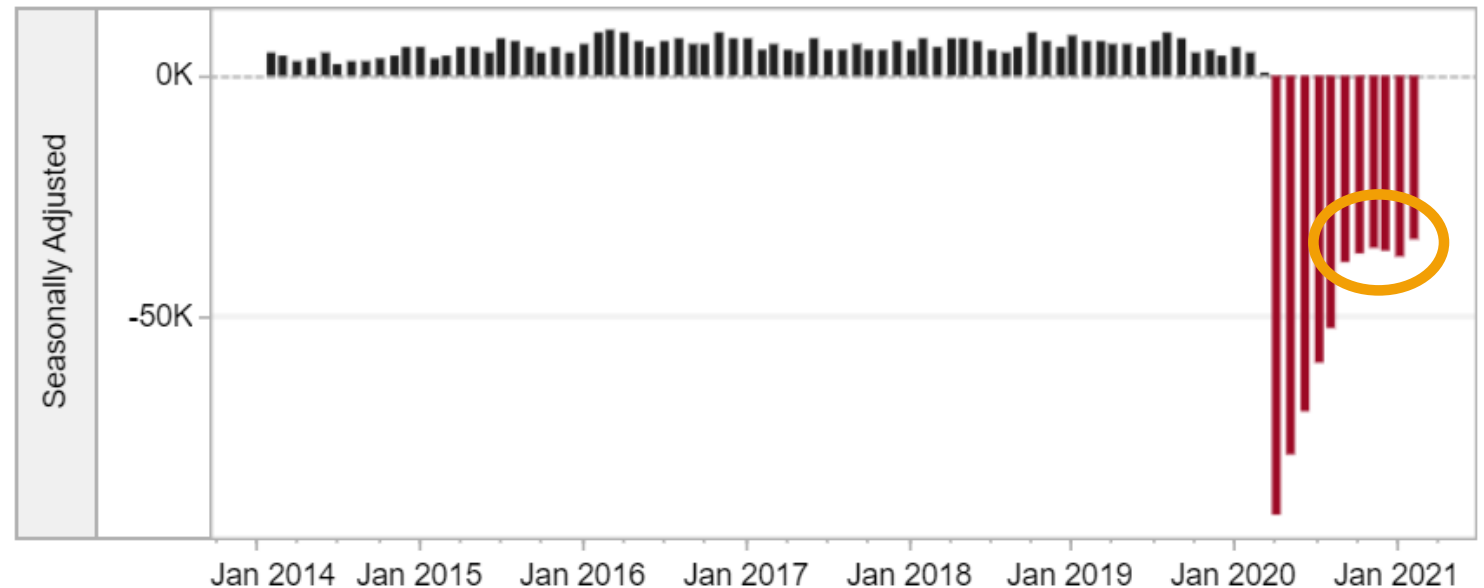
**Job growth returned in January and February. The state gained 4,600 nonfarm payroll jobs in the two months, ending a four month period of little change during the fall COVID surge.**

**There were 34,200 fewer jobs than a year ago in February. The 5.3% decrease is similar to the national 6.2% decrease over the last year.**



■ Seasonally Adjusted

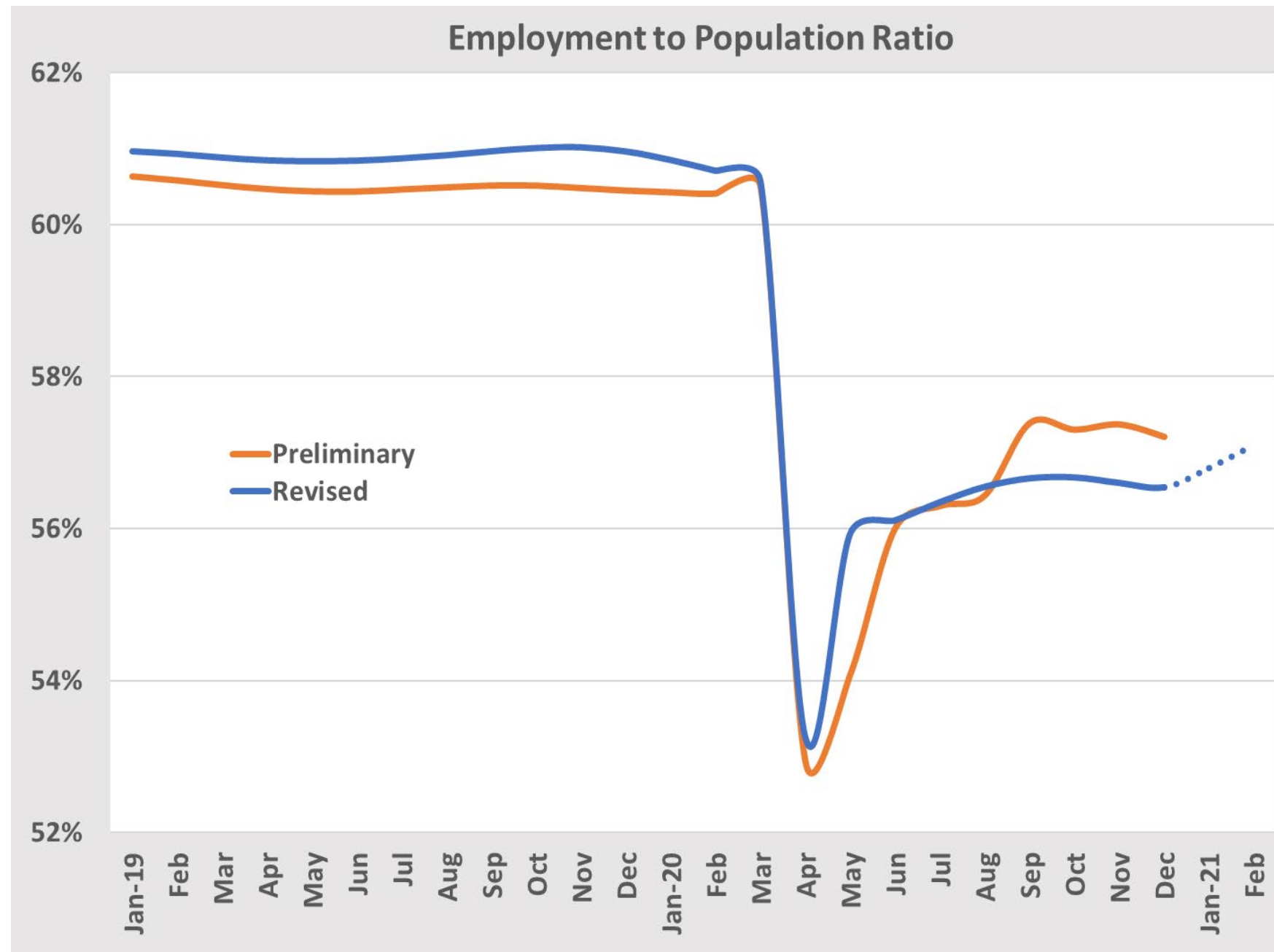
### Over-the-Year Change



## Labor force estimates revisions

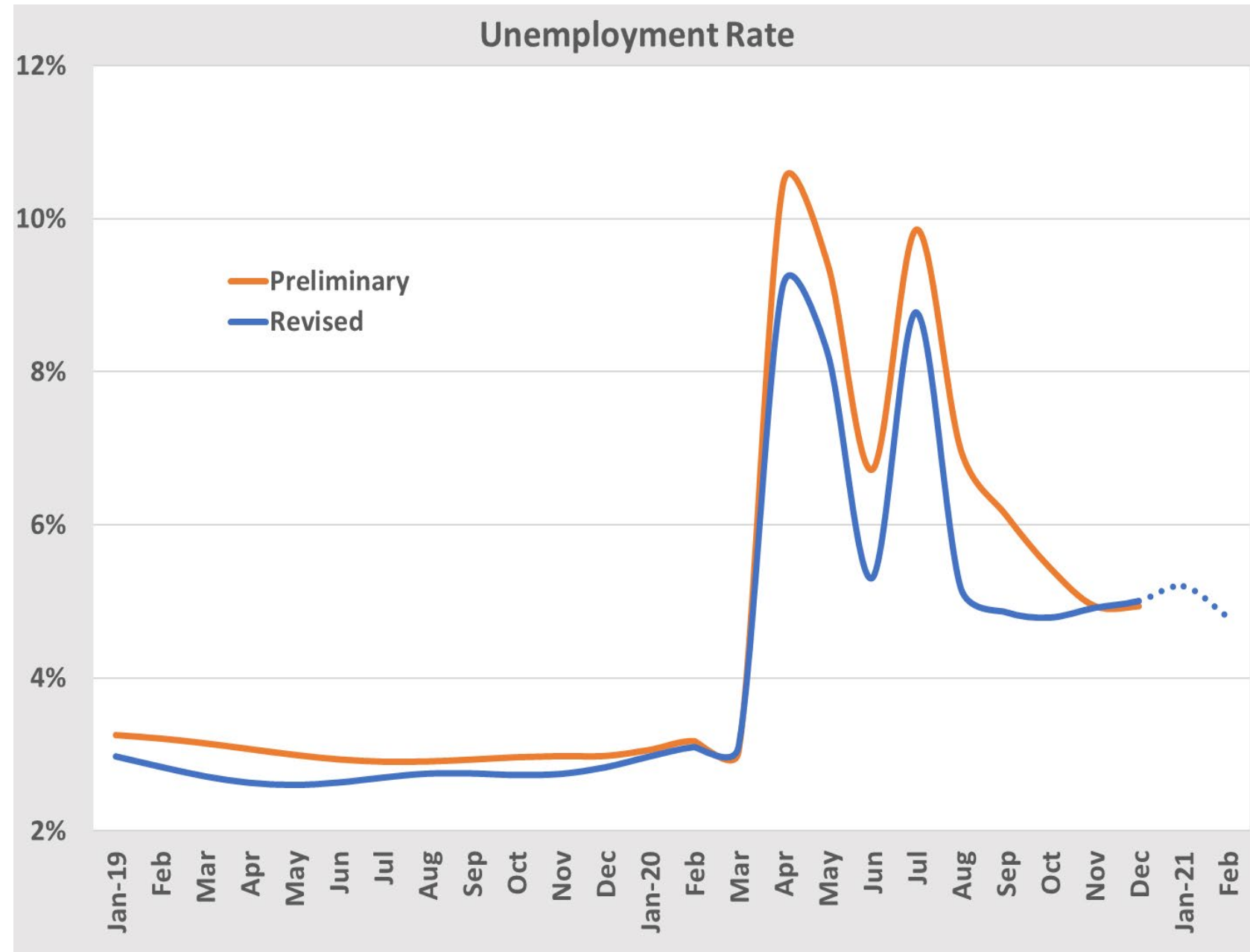
The employment rate was slightly higher throughout 2019 and the first half of 2020 than previously published estimates indicated. It was somewhat lower and moved in a more consistent pattern in the second half of the year.

*A blog on revisions to labor force  
and nonfarm jobs estimates is  
available at  
[maine.gov/labor/cwri/blogs/2021\\_workforce\\_data\\_revisions.pdf](https://maine.gov/labor/cwri/blogs/2021_workforce_data_revisions.pdf)*



## Labor force estimates revisions

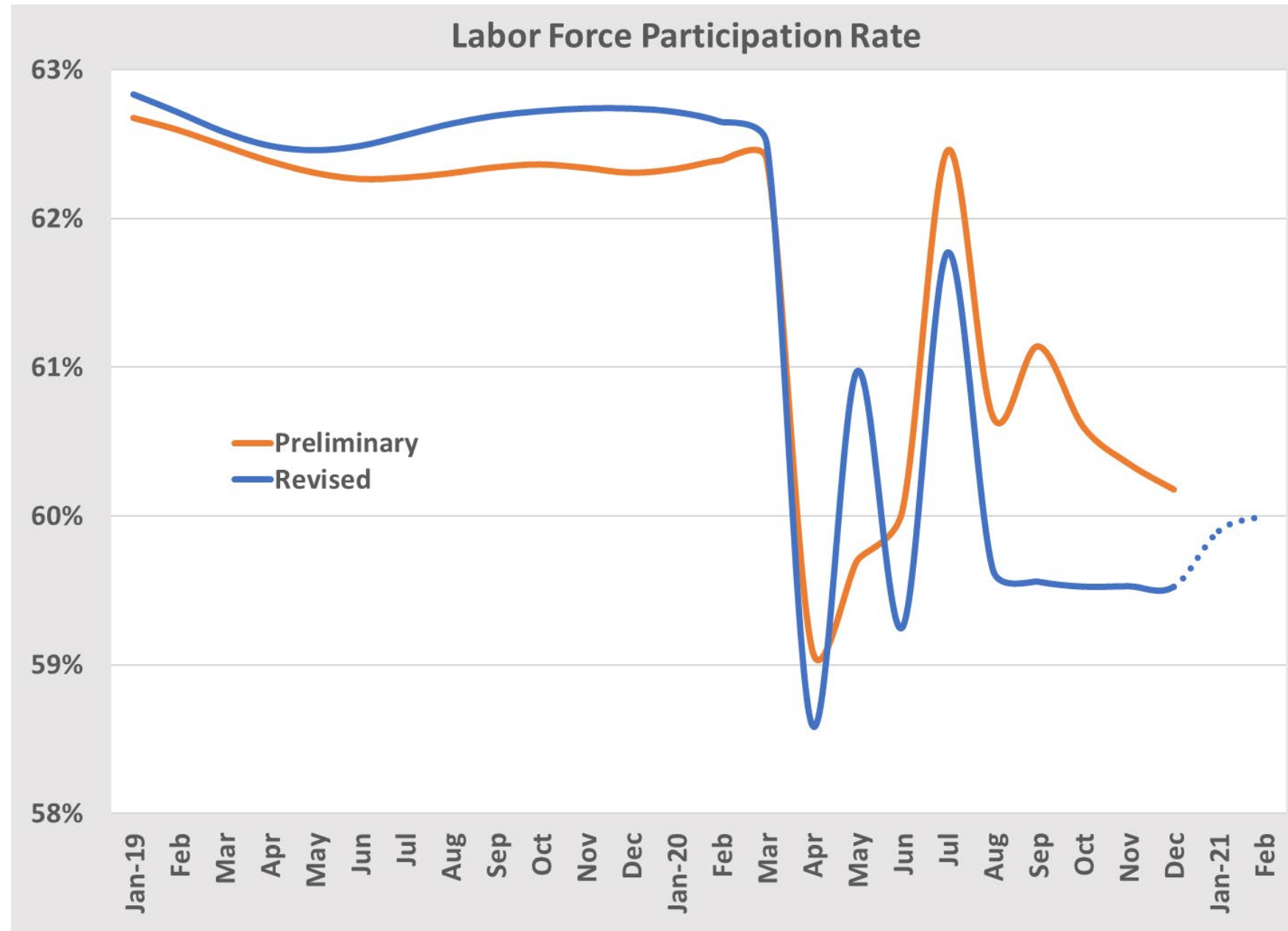
Unemployment rates were generally lower over the last two years than previously published estimates indicated. The 9.1% unemployment rate for April 2020 was the highest since 1977. The rollercoaster-like pattern of monthly movements through last summer was due to people being unable to search for a new job (safety concerns, stay-at-home orders, unavailable childcare), their uncertainty as to whether they would be recalled to the job they were laid off from, as well as lower response rates and technical issues related to the survey.



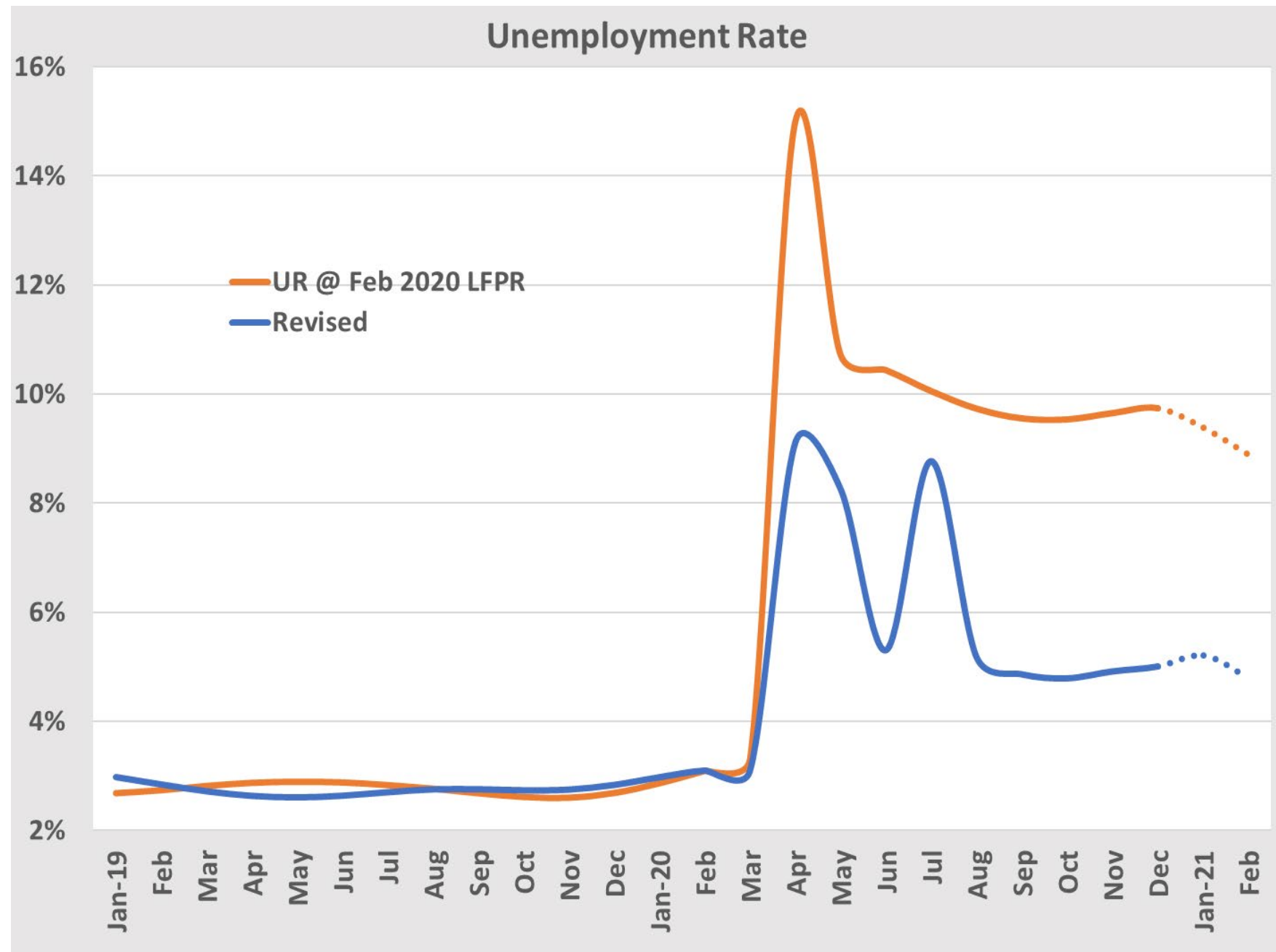
## Labor force estimates revisions

Labor force participation was higher in 2019 and early 2020 and mostly lower than previously published estimates indicated after the onset of the pandemic.

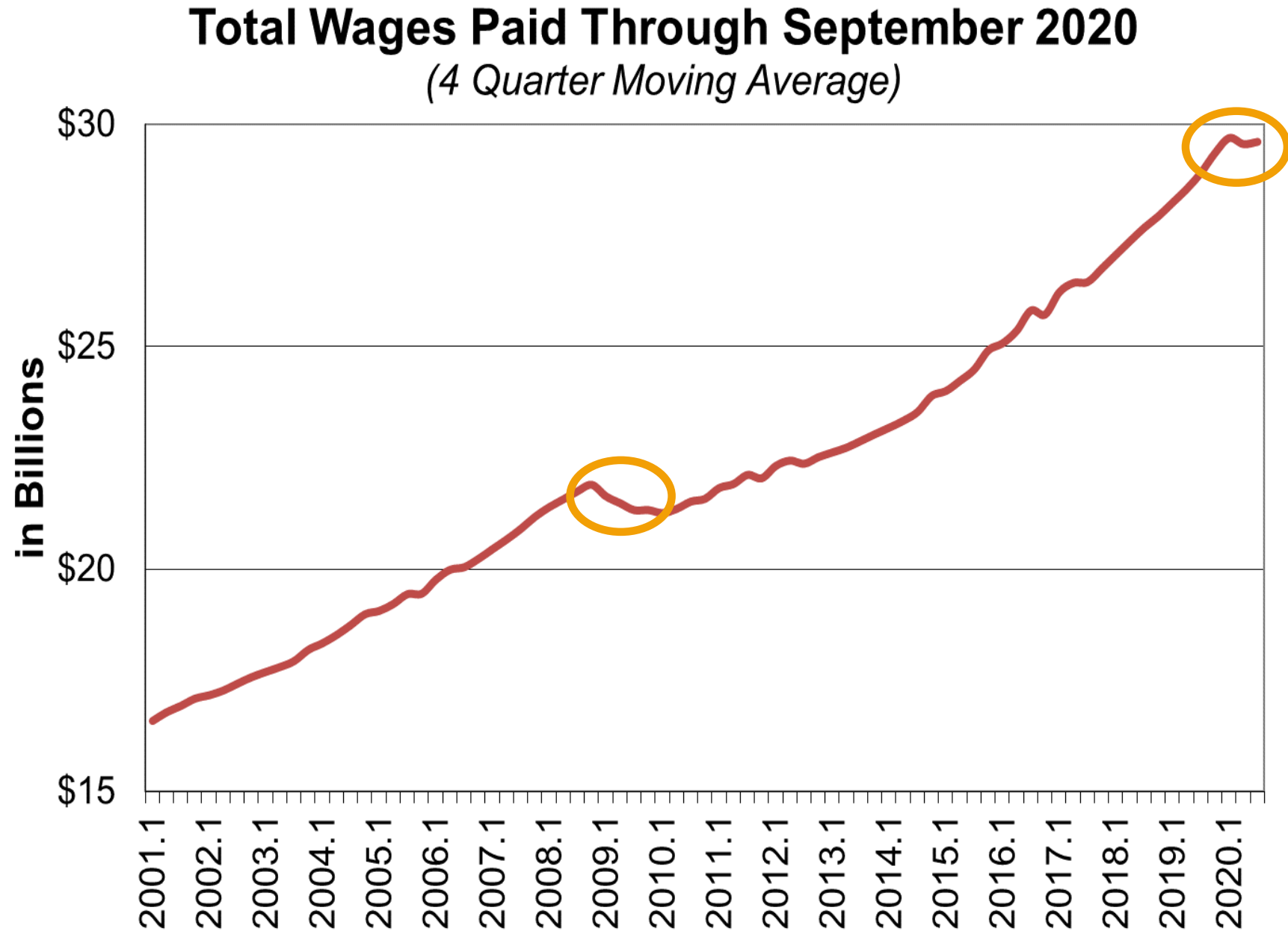
Participation rates usually move in parallel to the employment to population ratio. The gap widens when unemployment is high and narrows when it is low. The steadiness of change in the E-Pop and unevenness of the LFPR highlight the uncertainty many laid off people had about their status.



If labor force participation was as high as it was in February 2020 the unemployment rate would have been significantly higher each month since then. In February 2021 it would have been 8.9%, nearly twice the 4.8% official rate.

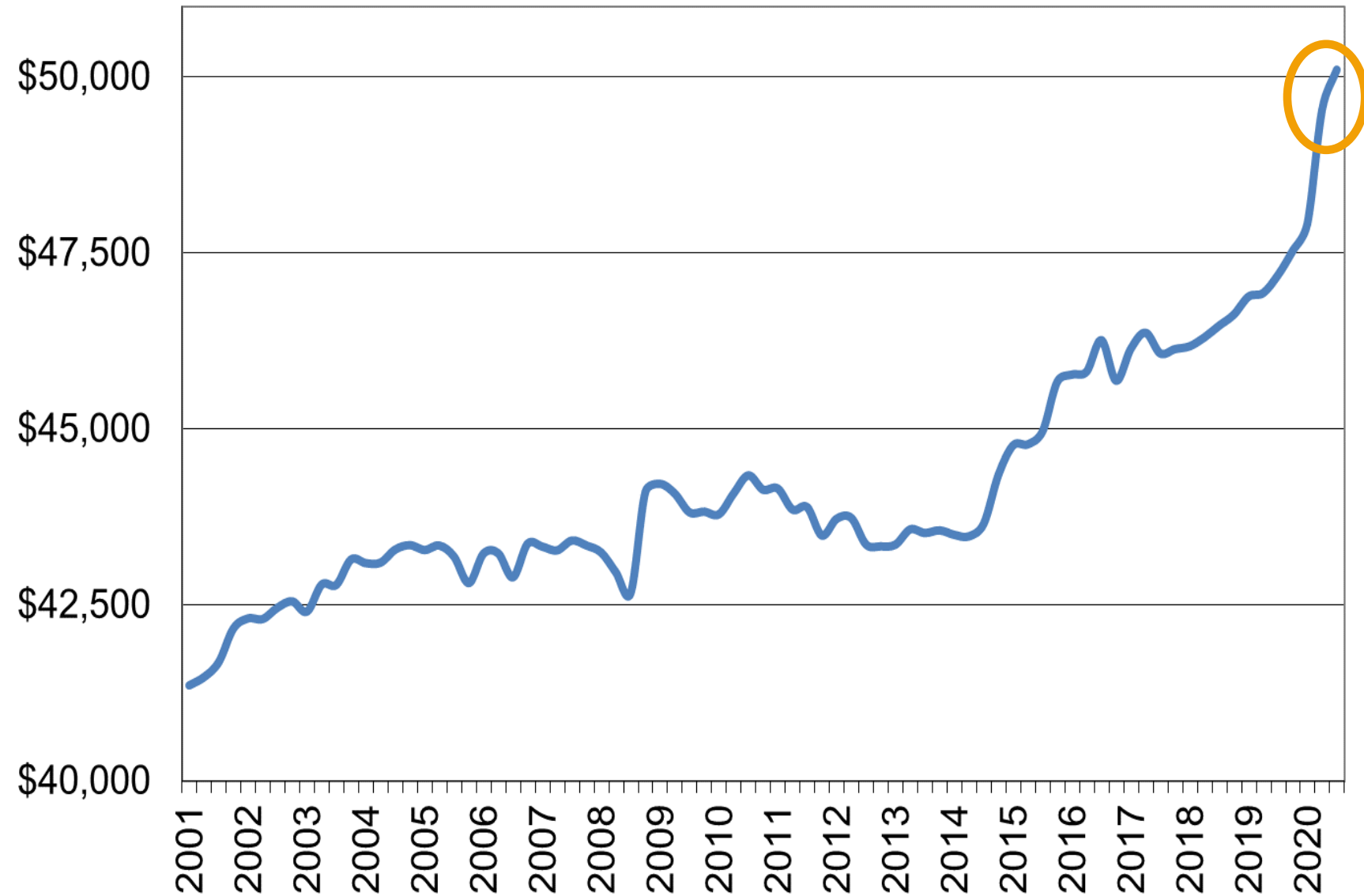


The decrease in total wages paid in the second and third quarters of 2020 was modest compared to what occurred in the last recession.



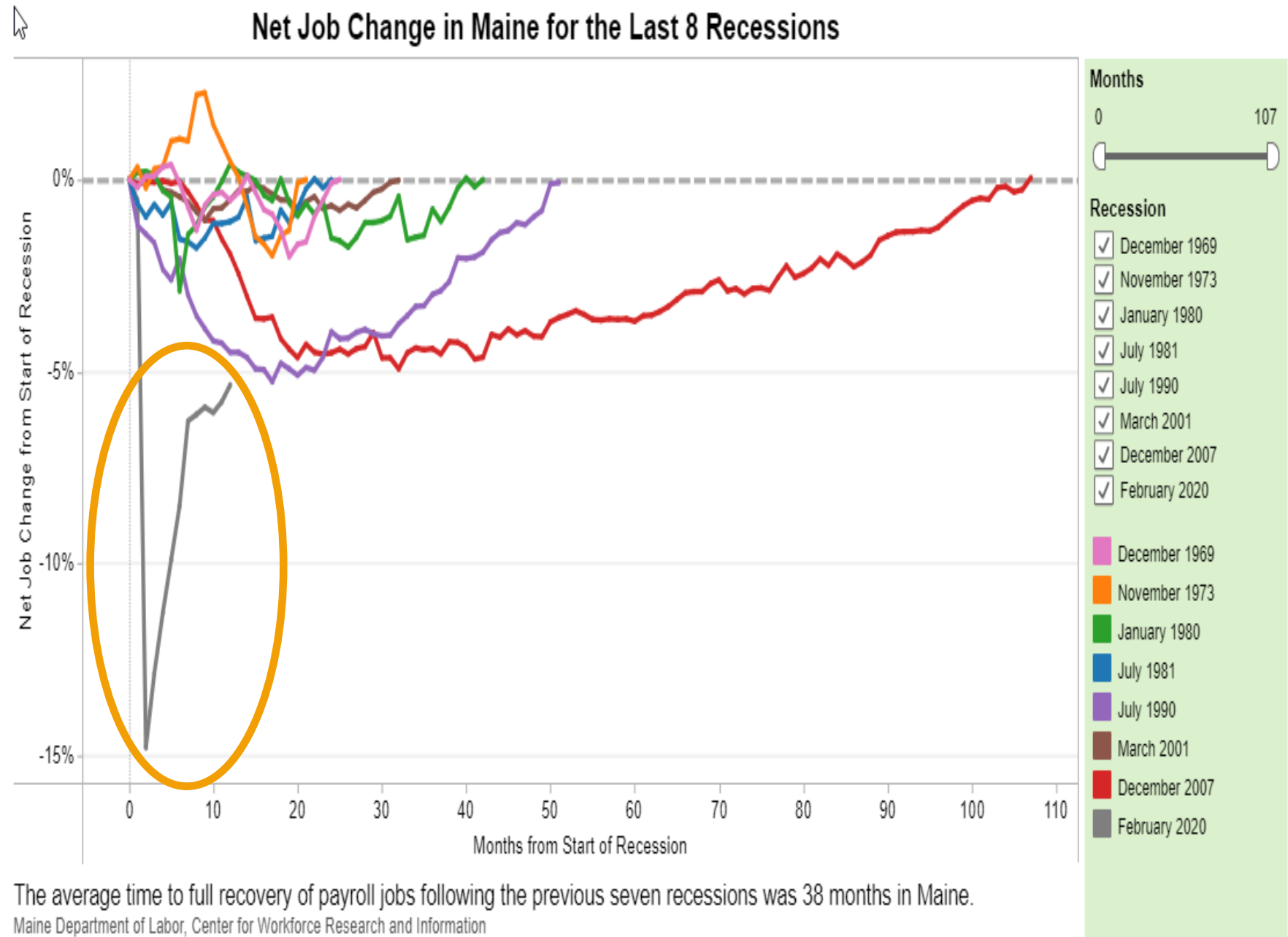
The rise in average wages accelerated in the second and third quarters of 2020. This primarily reflects the high share of job loss in hospitality and other sectors with concentrations of jobs on the lower-end of the wage spectrum rather than large increases among those who remained employed. As jobs come back in those sectors the average may decline for a few quarters.

## 4-Quarter Average Annual Wage





**Sharp and deep as this jobs downturn was and halting as recovery was in the fall, rising vaccination rates and the injection of federal stimulus seem likely to boost the jobs recovery in the months ahead.**



Population growth in Maine was modest in the last decade. Of states that gained population in the decade between 2010 and 2020, Maine had the highest share of its increase between 2018 and 2020, according to Census Bureau estimates.

State Population Change: 2010-2020 & 2018-2020										
Rank	State	Change		2018 to 2020 change as a % of total change in decade		Rank	State	Change		2018 to 2020 change as a % of total change in decade
		Census 2010 to July 2020	July 2018 to July 2020					Census 2010 to July 2020	July 2018 to July 2020	
1	Mississippi	(511)	(16,093)	3149%		27	Oklahoma	229,432	37,295	16%
2	New York	(41,326)	(207,322)	502%		28	Arkansas	114,604	18,361	16%
3	Connecticut	(17,091)	(17,555)	103%		29	Wisconsin	145,669	23,336	16%
4	Vermont	(2,394)	(1,455)	61%		30	Missouri	162,621	25,562	16%
5	Illinois	(243,102)	(137,155)	56%		31	Colorado	778,523	110,564	14%
6	Maine	21,780	10,018	46%		32	Oregon	410,433	57,969	14%
7	West Virginia	(68,207)	(21,166)	31%		33	Minnesota	353,417	48,580	14%
8	Idaho	259,331	74,839	29%		34	Virginia	589,539	79,643	14%
9	New Mexico	47,140	12,565	27%		35	Iowa	117,206	13,661	12%
10	Arizona	1,029,384	257,173	25%		36	Nebraska	111,211	12,040	11%
11	Nevada	437,708	107,534	25%		37	Kentucky	137,884	12,978	9%
12	New Hampshire	49,805	11,211	23%		38	Ohio	156,713	12,325	8%
13	Delaware	88,875	19,824	22%		39	District of Columbia	111,093	8,669	8%
14	South Carolina	592,676	126,338	21%		40	North Dakota	92,718	5,247	6%
15	Alabama	141,796	29,904	21%		41	Maryland	282,250	13,649	5%
16	Indiana	271,151	56,472	21%		42	Massachusetts	345,945	7,854	2%
17	Montana	91,162	18,759	21%		43	Kansas	60,687	1,057	2%
18	Tennessee	540,729	108,654	20%		44	California	2,114,122	(69,385)	-3%
19	North Carolina	1,065,340	209,465	20%		45	New Jersey	90,477	(9,359)	-10%
20	Utah	485,994	94,726	19%		46	Louisiana	111,946	(19,132)	-17%
21	Georgia	1,022,364	190,628	19%		47	Michigan	82,915	(20,731)	-25%
22	Wyoming	18,702	3,274	18%		48	Alaska	20,927	(5,466)	-26%
23	Texas	4,215,198	736,195	17%		49	Pennsylvania	80,875	(25,853)	-32%
24	Washington	969,072	166,819	17%		50	Hawaii	46,705	(16,096)	-34%
25	South Dakota	78,537	13,331	17%		51	Rhode Island	4,558	(2,213)	-49%
26	Florida	2,932,002	478,386	16%						

# **Occupational employment suited to telework**

- Over 160,000 Maine jobs identified for which telework may be substituted for in-person work
- About two thirds of the jobs identified pay a wage above the 2019 state median annual wage
- 51 percent typically require a Bachelor's degree or higher educational attainment for entry
- 59 percent require educational attainment beyond a high school diploma for entry
- Many workers in these occupations were insulated from job losses in 2020 because their work arrangements were adaptable

High wage means the median wage in that occupation exceeds the 2019 statewide median annual wage of \$38,370

Sources: 2019 CWRI Occupational Employment Statistics and Jonathan I. Dingel and Brent Neiman, “How Many Jobs Can be Done at Home?”, *Journal of Public Economics*, September 2020

<i>Estimated Occupational Employment Suited to Telework</i>		
<i>Major Occupation Group</i>	<i>Employment Suited to Telework</i>	<i>High Wage Employment Suited to Telework</i>
11 Management	26,992	26,992
13 Business and Financial Operations	16,060	16,060
15 Computer and Mathematical	590	590
17 Architecture and Engineering	5,544	5,544
19 Life, Physical, and Social Science	1,963	1,963
21 Community and Social Service	2,175	2,175
23 Legal	3,380	3,380
25 Education, Training, and Library	26,830	24,280
27 Art, Design, Entertainment, Sports, and Media	5,644	3,534
29 Healthcare Practitioners and Technical	1,022	1,022
31 Healthcare Support	278	0
33 Protective Service	185	155
35 Food Preparation and Serving Related	0	0
37 Building and Grounds Cleaning and Maintenance	0	0
39 Personal Care and Service	5,010	0
41 Sales and Related	9,810	8,900
43 Office and Administrative Support	55,175	10,966
45 Farming, Fishing, and Forestry	45	45
47 Construction and Extraction	0	0
49 Installation, Maintenance, and Repair	30	0
51 Production	136	26
53 Transportation and Material Moving	0	0
Total	160,870	105,633

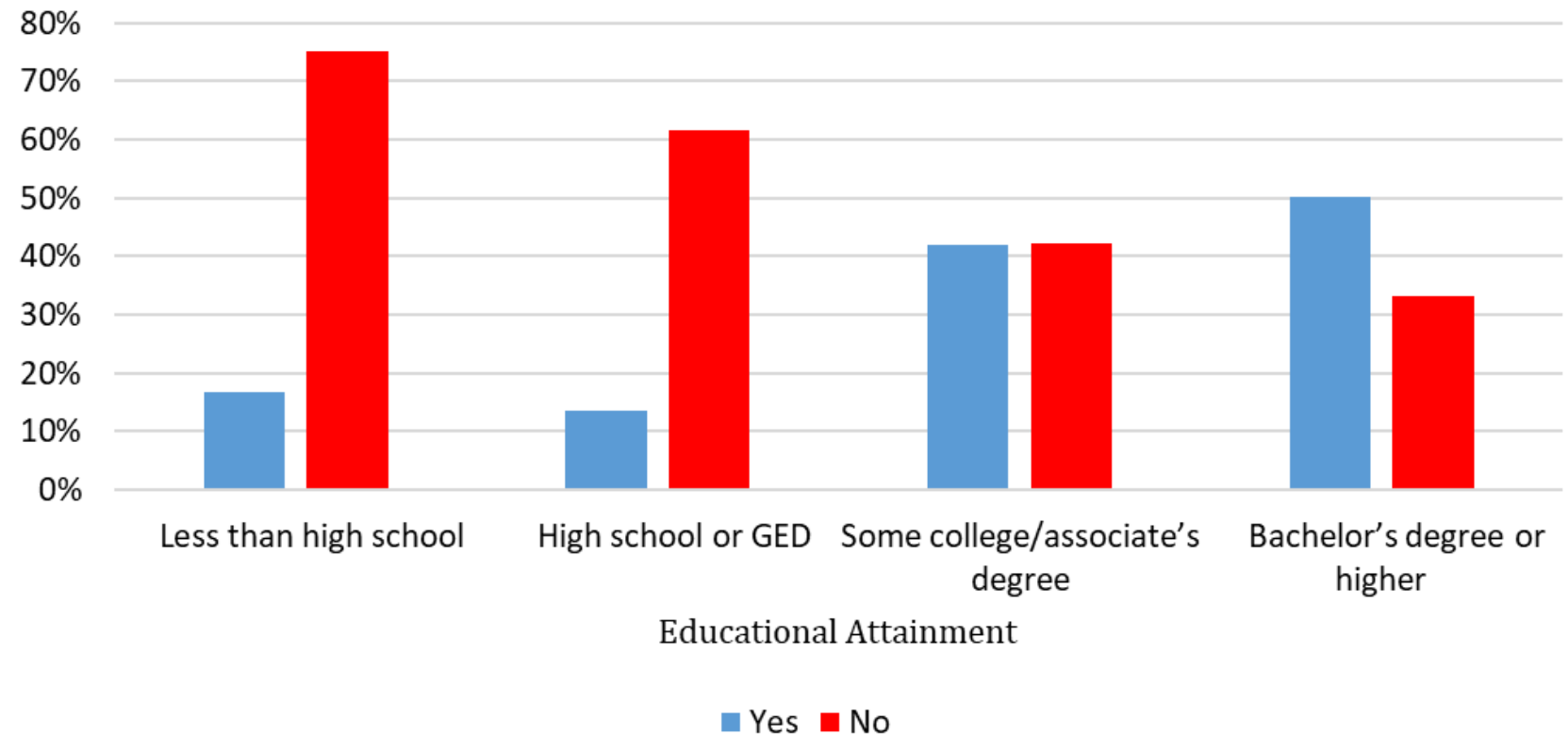
**34 percent of households in Maine had at least one adult working remotely instead of typical work arraignment**

**Half of all workers with a Bachelor's degree or higher reported telework**

**Less than 15 percent of workers with a high school diploma or lower level of educational attainment reported telework**

**Source: Census Household Pulse Survey (Data collected February 17 through March 1, 2021)**

Some adult in household substituted some or all of their typical in-person work for telework because of the coronavirus pandemic



# **U.S. Bureau of Labor Statistics Business Response Survey**

- U.S. Bureau of Labor Statistics conducted a national survey of businesses during the summer of 2020
- The data were collected from private-sector establishments only
- Shedding light on the impact of the pandemic on telework, reciprocity of PPP and other loans/grants, demand for good/services

**27 percent of Maine businesses reported that they increased telework**

**57 percent reported having no telework arraignments either before or during the pandemic**

**Some businesses had preexisting telework arraignments**

***Private sector establishments that increased telework***

<b><i>Area</i></b>	<b><i>Percentage of establishments</i></b>	<b><i>Number of establishments</i></b>	<b><i>Percentage of employment in establishments</i></b>	<b><i>Employment in establishments</i></b>
<b>U.S.</b>	30.9%	2,611,007	54.3%	68,550,503
<b>Maine</b>	27.1%	12,003	50.5%	263,059

***Private Sector Establishments that had no change in existing telework arrangements***

<b>U.S.</b>	17.6%	1,489,250	9.8%	12,400,849
<b>Maine</b>	16.8%	7,468	10.6%	55,067

***Private sector establishments that had no telework at this location both before and after the coronavirus pandemic***

<b>U.S.</b>	52.3%	4,417,171	36.9%	46,555,019
<b>Maine</b>	56.7%	25,148	39.3%	204,717

Just under two thirds of Maine businesses reported receiving a PPP loan or other support implemented to maintain employment

These employers account for about 55 percent of total nonfarm jobs (from February 2020 levels)

<i>Establishments that received a coronavirus-related loan or grant tied to rehiring or maintaining employees on the payroll</i>				
<i>Area</i>	<i>Percentage of establishments</i>	<i>Number of establishments</i>	<i>Percentage of employment in establishments</i>	<i>Employment in establishments</i>
<i>U.S.</i>	62.1%	5,252,610	58.8%	74,219,443
<i>Maine</i>	62.8%	27,839	67.1%	349,181



About one quarter of Maine private sector employers reported reduction in staff hours

Nearly 40 percent reported no change in payroll, small businesses appear much more likely to report no change

Nearly half reported employees were told not to work

<i>Establishments that told employees not to work, with or without pay</i>				
<i>Area</i>	<i>Percentage of establishments</i>	<i>Number of establishments</i>	<i>Percentage of employment in establishments</i>	<i>Employment in establishments</i>
U.S.	51.9%	4,383,425	62%	78,287,877
Maine	49.4%	21,915	59%	307,260
<i>Establishments that reduced employees' hours of work, employees worked at least some hours</i>				
U.S.	29.9%	2,531,174	38.2%	48,270,060
Maine	25.7%	11,383	33%	171,923
<i>Establishments that had no changes to payroll due to coronavirus</i>				
U.S.	39.2%	3,315,750	26.7%	33,713,091
Maine	39.1%	17,328	25.7%	133,904

**Half of Maine businesses report decreased demand for products/services**

**Maine businesses faced increased demand at a higher rate compared to the national average**

**Similar to national average, about 17.5 percent reported no substantial change**

<i><b>Establishments that experienced a decrease in demand for products or services</b></i>				
<i><b>Area</b></i>	<i><b>Percentage of establishments</b></i>	<i><b>Number of establishments</b></i>	<i><b>Percentage of employment in establishments</b></i>	<i><b>Employment in establishments</b></i>
<b>U.S.</b>	55.6%	4,698,654	56.9%	71,860,832
<b>Maine</b>	50.3%	22,283	54.1%	281,357
<i><b>Establishments that experienced an increase in demand for products or services</b></i>				
<b>U.S.</b>	13.2%	1,115,161	18.9%	23,867,885
<b>Maine</b>	18.8%	8,330	24.2%	125,677
<i><b>Establishments that experienced no impact on their business operations</b></i>				
<b>U.S.</b>	17.7%	1,500,849	13.5%	16,981,279
<b>Maine</b>	17.4%	7,726	12.2%	63,509

# **Congressional Budget Office (CBO) Updated Outlook (Feb 2021)**

- According to updated [CBO projections](#)
- The unemployment rate is expected to gradually decline through 2026
- The number of employed people is expected to fully recover by 2024
- The civilian labor force is expected to return to pre-pandemic size by 2022

Throughout the pandemic the unemployment rate has been a less reliable indicator of workforce conditions

The unemployment rate will become a more reliable measure in 2022 when the labor force will reach pre-pandemic level according to CBO projections

Table 2-1.

### CBO's Economic Projections for Calendar Years 2021 to 2031

					Annual Average	
	2020	2021	2022	2023	2024– 2025	2026– 2031
	Percentage Change From Fourth Quarter to Fourth Quarter					
Gross Domestic Product						
Real <sup>a</sup>	-2.5	3.7	2.4	2.3	2.2	1.6
Nominal	-1.2	5.6	4.5	4.3	4.4	3.8
Inflation						
PCE price index	1.2	1.7	1.9	1.9	2.1	2.1
Core PCE price index <sup>b</sup>	1.4	1.5	1.9	1.9	2.1	2.1
Consumer price index <sup>c</sup>	1.2	1.9	2.2	2.3	2.4	2.4
Core consumer price index <sup>b</sup>	1.6	1.5	2.2	2.3	2.4	2.4
GDP price index	1.3	1.9	2.0	2.0	2.1	2.1
Employment Cost Index <sup>d</sup>	2.8	2.3	2.8	3.0	3.2	3.3
	Fourth-Quarter Level (Percent)					
Unemployment Rate	6.8	5.3	4.9	4.6	4.0 <sup>e</sup>	4.3 <sup>f</sup>

## Reasons for Optimism

- During the past year, consumers have faced barriers to spending that may be removed with widespread vaccination
- Stimulus payments have boosted incomes for many
- U.S. consumers have \$1.5 trillion in excess savings (according to [Bloomberg Economics](#), savings above pre-pandemic projections)
- Pent up demand plus savings could be a boon to Maine's economy
- "I'm hearing there's strong advance booking at hotels and weddings are off the charts" [Steve Hewins \(Hospitality Maine\)](#)

## Cautions to Optimism

- Approximately 30,000 would be in the labor force today if not for the reduction in labor force participation this past year
- How quickly/how many will return to the labor force?
- Lost experience, some will never realize their pre-pandemic earnings trajectory
- How will the unprecedented size of the economic stimulus impact price levels?