

# Maine workforce conditions through September 2022

Presented to the  
Consensus Economic Forecasting Commission  
October 28, 2022



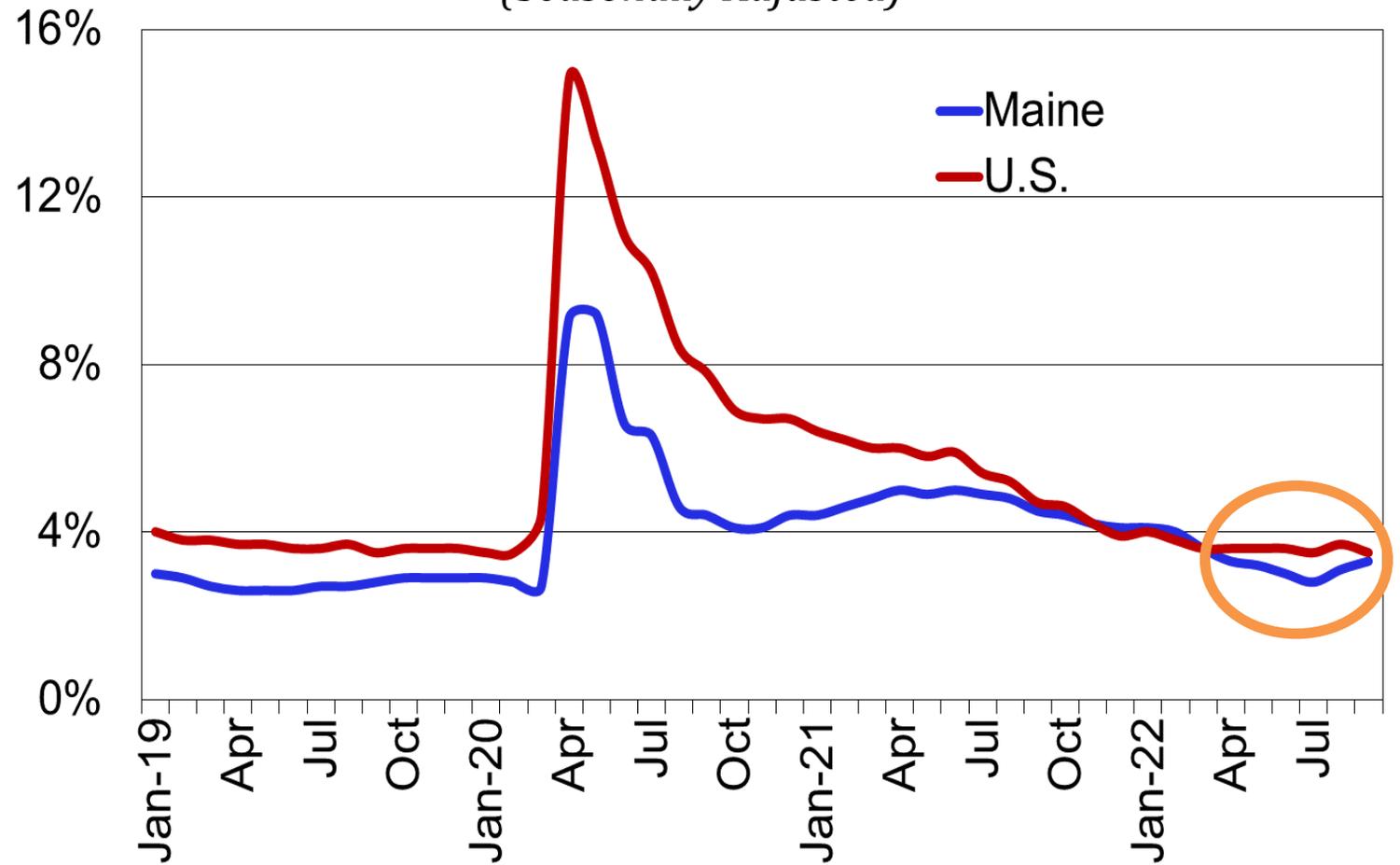
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# **Current Conditions**

*(Reconciling diverging indications)*

Unemployment rate estimates trended down in 2022 to as low as 2.8% in July before bumping up to 3.3% in September.

## Unemployment Rates *(Seasonally Adjusted)*



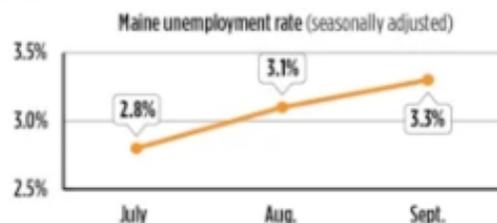
# Unemployment in Maine ticking back up after summer low

After falling from pandemic highs to a low of 2.8% in July, the jobless rate crept upward slightly in September.

Maine's unemployment rate is ticking back up after a summer low and amid economic unease.

The statewide unemployment rate was 3.3% in September, up slightly from 3.1% in August.

The statewide unemployment rate was 3.3% in September, up just slightly from 3.1% the month before, after hitting a low of 2.8% in July.



SOURCE: Maine Department of Labor

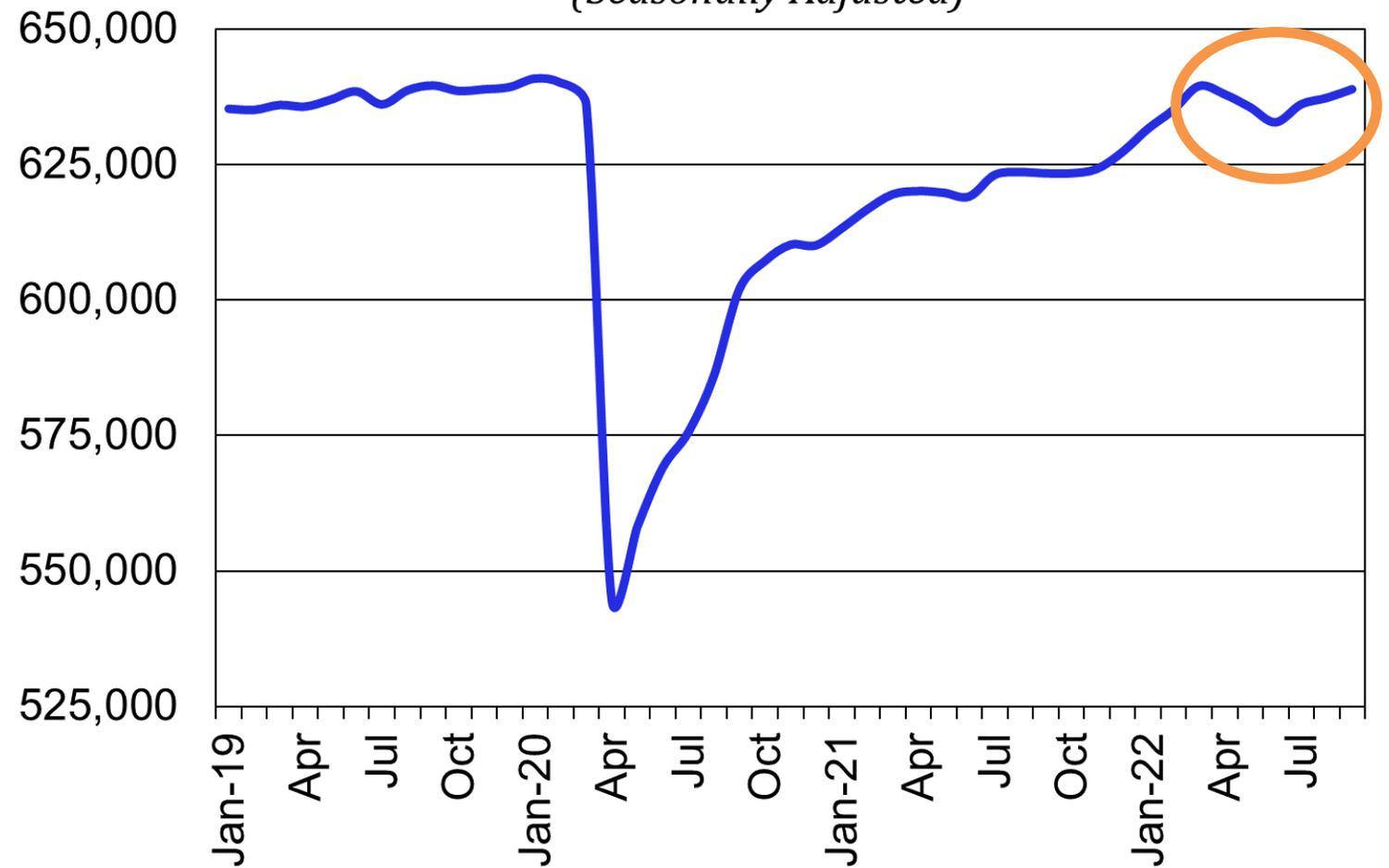
STAFF GRAPHIC | JAKE LAWS

Last month was the second that the figure has been back above 3% after dipping to a low of 2.8% in July. That was the first month since February 2020 that the rate was below 3%.

July's rate was just above the record-low joblessness rate set three years ago. From April to June 2019, Maine recorded an unemployment rate of 2.6%. In May 2020, three months into the pandemic, unemployment jumped to a high of 9.2%. Nationally, unemployment peaked at 14.2% in April 2020.

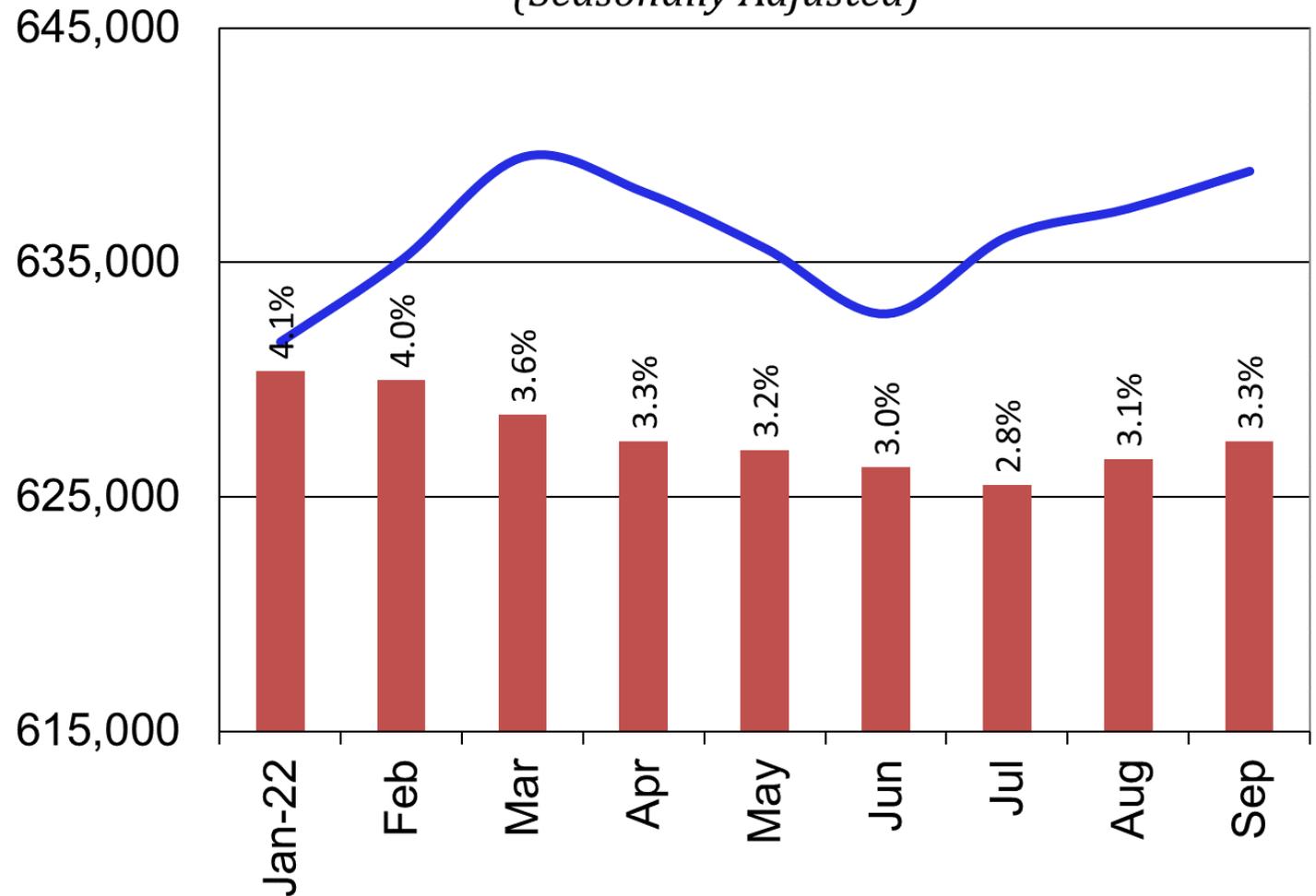
Conversely, nonfarm jobs estimates peaked in March, backtracked through June, and then recovered through September.

## Nonfarm Wage & Salary Jobs (Seasonally Adjusted)



Diverging estimates of jobs and unemployment are derived from different surveys with differing coverage and differing reliability.

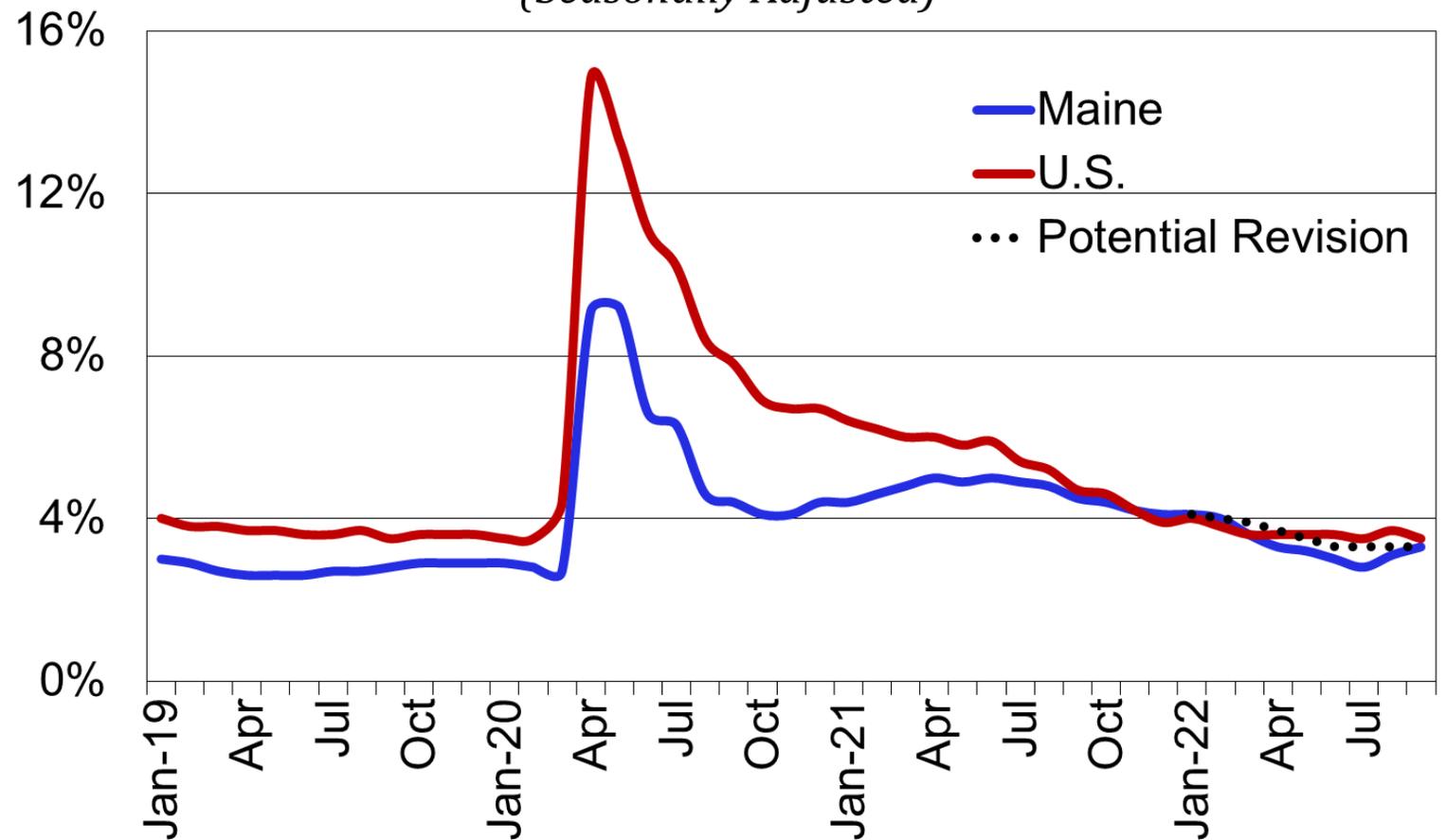
## Nonfarm Jobs & Unemployment Rate *(Seasonally Adjusted)*



Estimates derived from the household survey are based on a small sample and are highly modeled. With three more months in 2022 before annual revisions occur, it seems likely unemployment estimates for the summer will be revised higher. Despite this, unemployment was well below the long-term average throughout the year.

Unemployment and jobs estimates from the two monthly workforce surveys provide little evidence that conditions had begun to deteriorate through September.

## Unemployment Rates *(Seasonally Adjusted)*



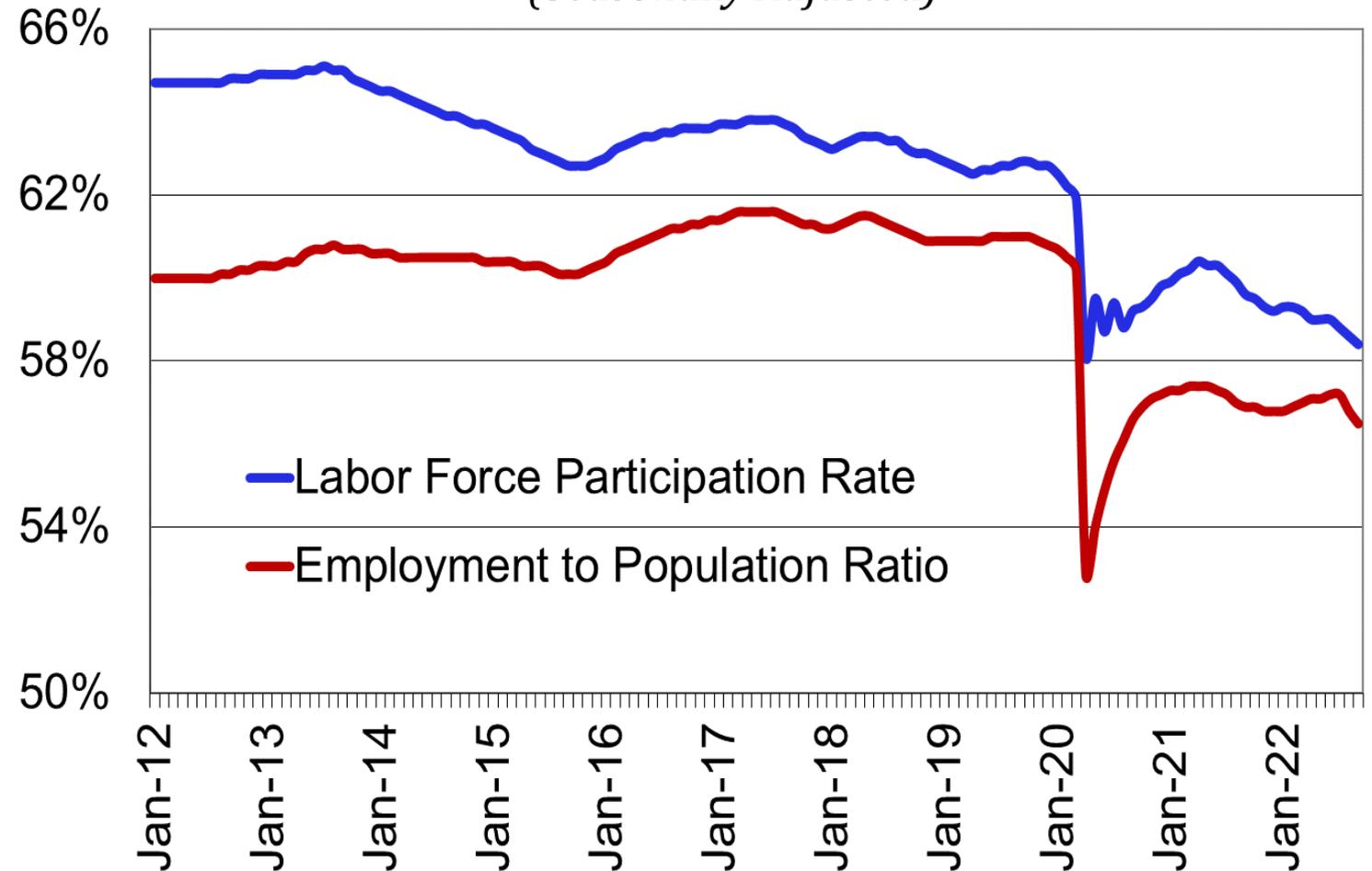
# Unemployment in Maine ticking back up after summer low

After falling from pandemic highs to a low of 2.8% in July, the jobless rate crept upward slightly in September.

Maine's labor force participation rate in September was 58.6%, roughly the same as it has been since it fell more than 3% in March 2020 at the onset of the pandemic's economic impact. The U.S. labor force participation rate is usually around 62%.

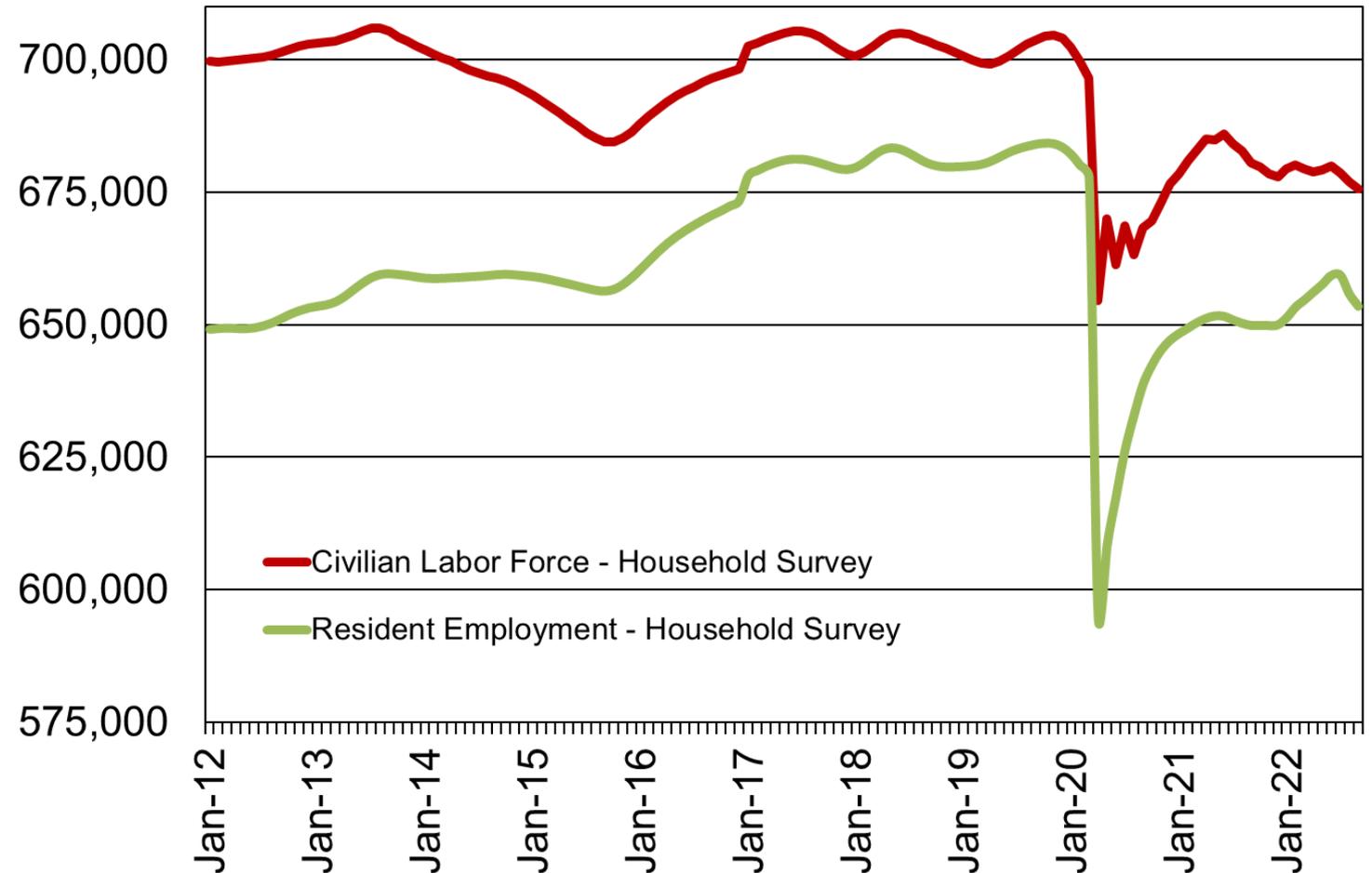
As of September, the state's labor force numbered 639,000 workers, about 41,000 fewer than before the pandemic. The loss of that many workers is partly to blame for the hypercompetitive labor market in the state. Maine economists suspect many of the workers who have left the labor pool since 2020 are older and [retired earlier than expected](#).

## Labor Force Participation & Employment Rates (Seasonally Adjusted)



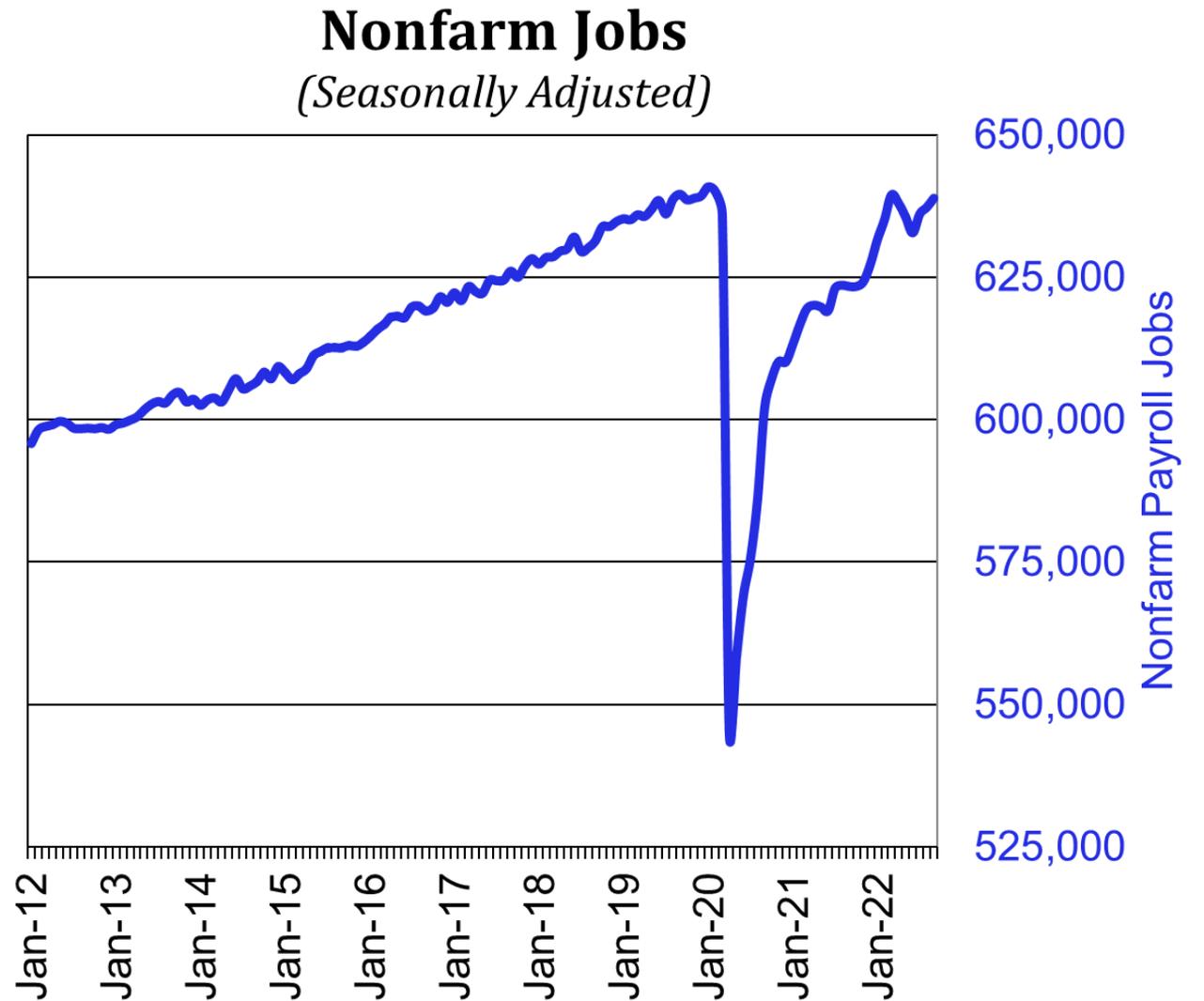
Currently official estimates derived from the household survey indicate that labor force participation and employment rates have trended lower both recently and since the onset of the pandemic. For September they are about four percentage points lower than 30 months earlier. This is a historically large decrease for such a short period...

## Civilian Labor Force & Resident Employment (Seasonally Adjusted)



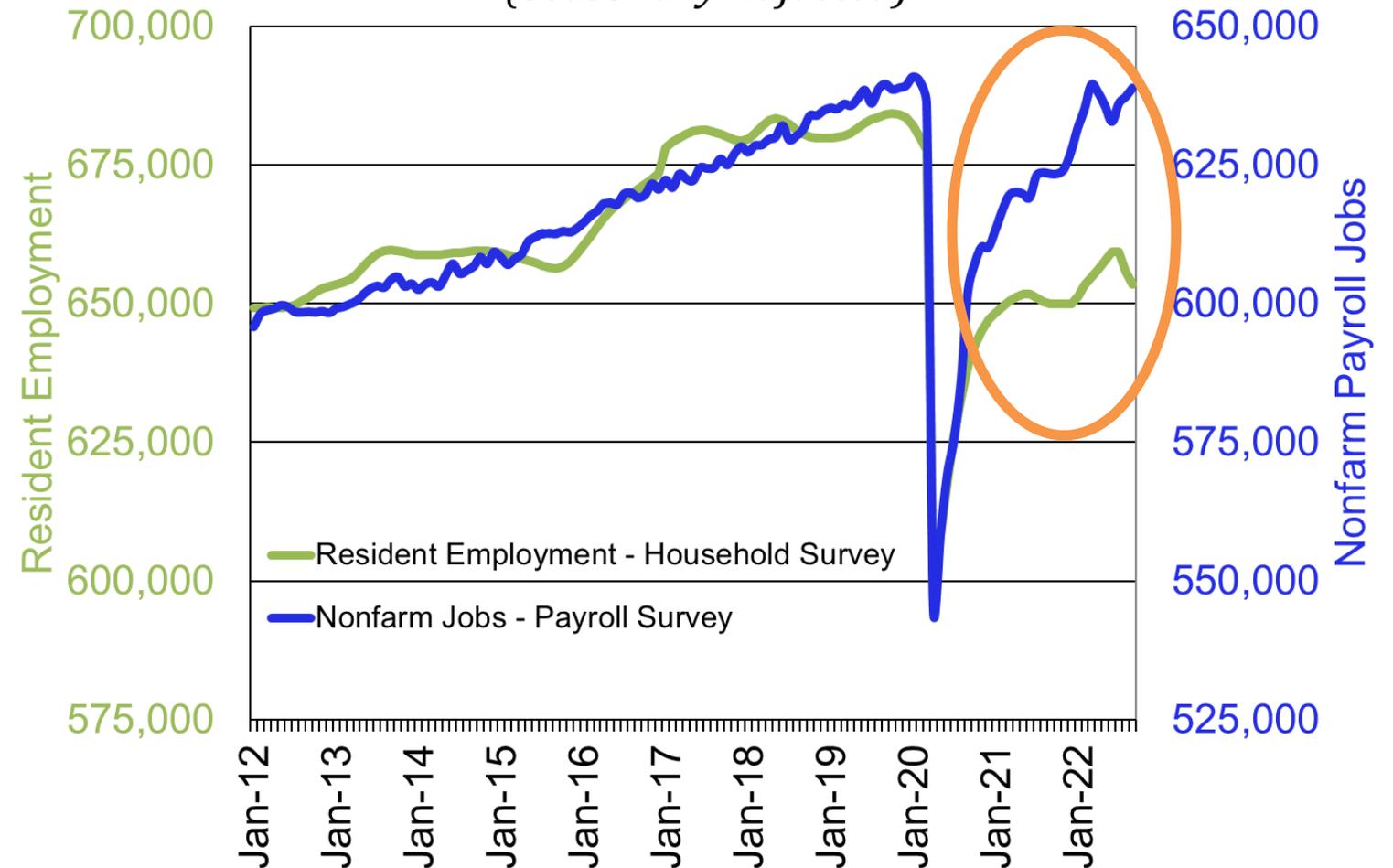
...Those estimates also indicate that the size of the labor force and the number of employed residents of the state are 25,000 lower than shortly before the pandemic – also historically large decreases for a 30-month period.

Nonfarm jobs estimates from the payroll survey provide a very different indication of the workforce recovery. In September the number of jobs was similar to levels 30 months earlier.



## Nonfarm Jobs & Resident Employment

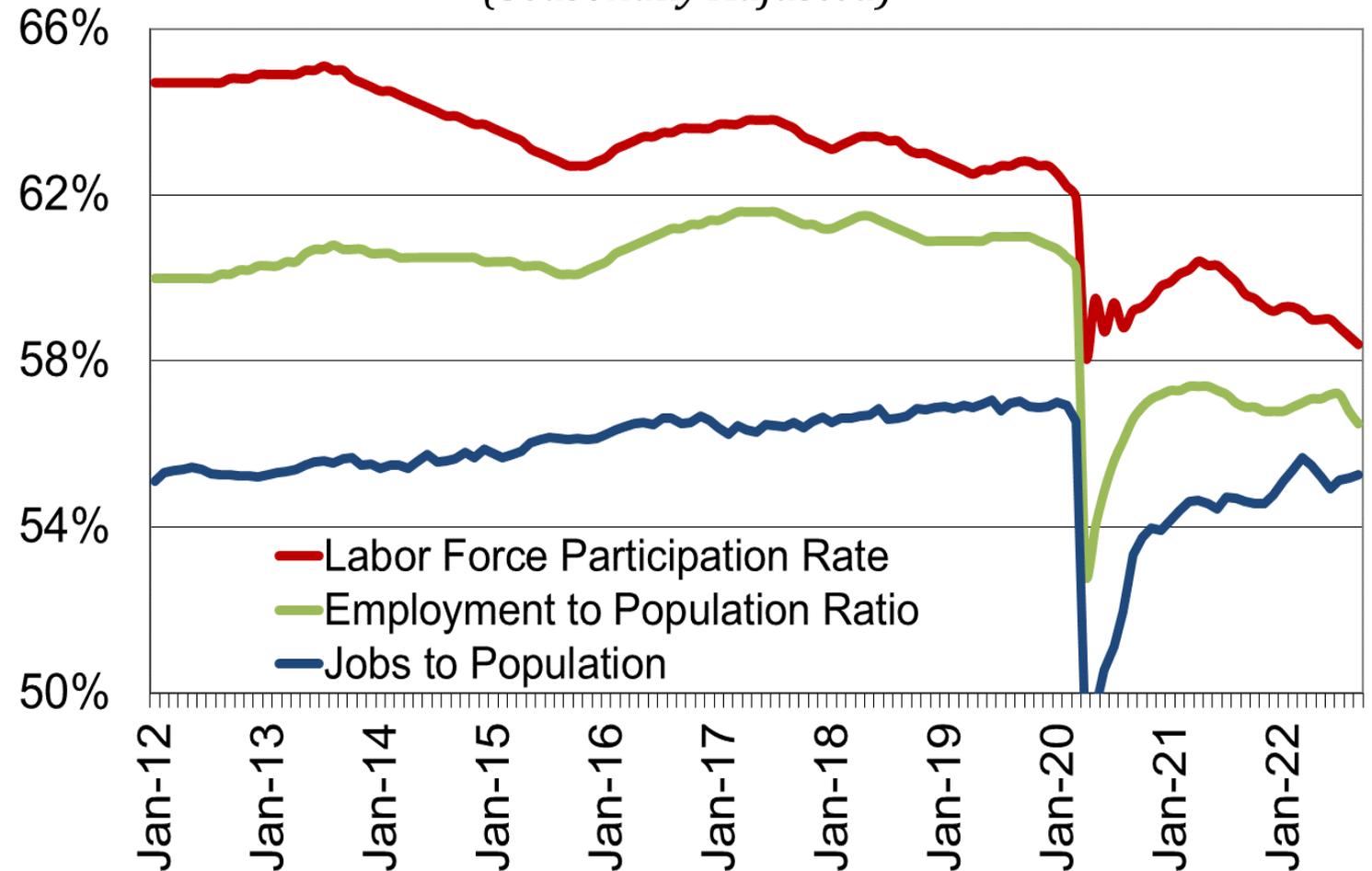
*(Seasonally Adjusted)*



Plotting employment estimates from the two surveys together is instructive. There is no way to reconcile the very different indications of recovery over the last two years. The payroll survey is much larger and it provides a more reliable indication of employment trends.

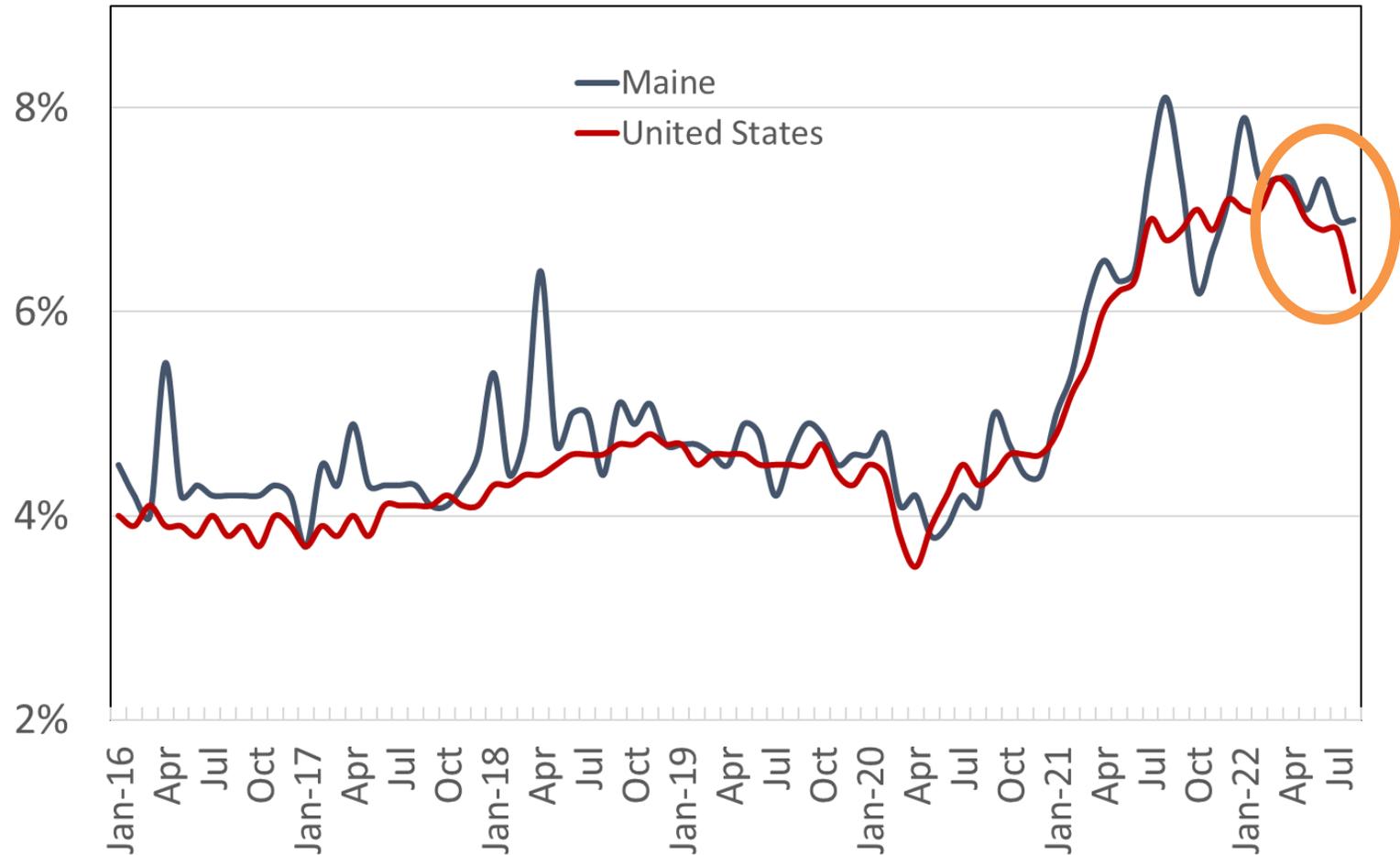
Using nonfarm payroll jobs as a numerator and the same population estimates as used for labor force participation and employment rates as a denominator, the jobs rate is about 1.5 percentage points lower than just before the pandemic. The four-percentage point decrease in labor force participation and employment rates significantly understates labor supply in the aftermath of the pandemic.

**LFPR, EPOP & Jobs to Pop Rates**  
*(Seasonally Adjusted)*



Job openings rates remain elevated. Nationally, they have moderated since spring, likely indicating softening workforce conditions ahead. For Maine the small sample size yields significant monthly variability. If the downward trend continues for the nation the pattern here is sure to be similar.

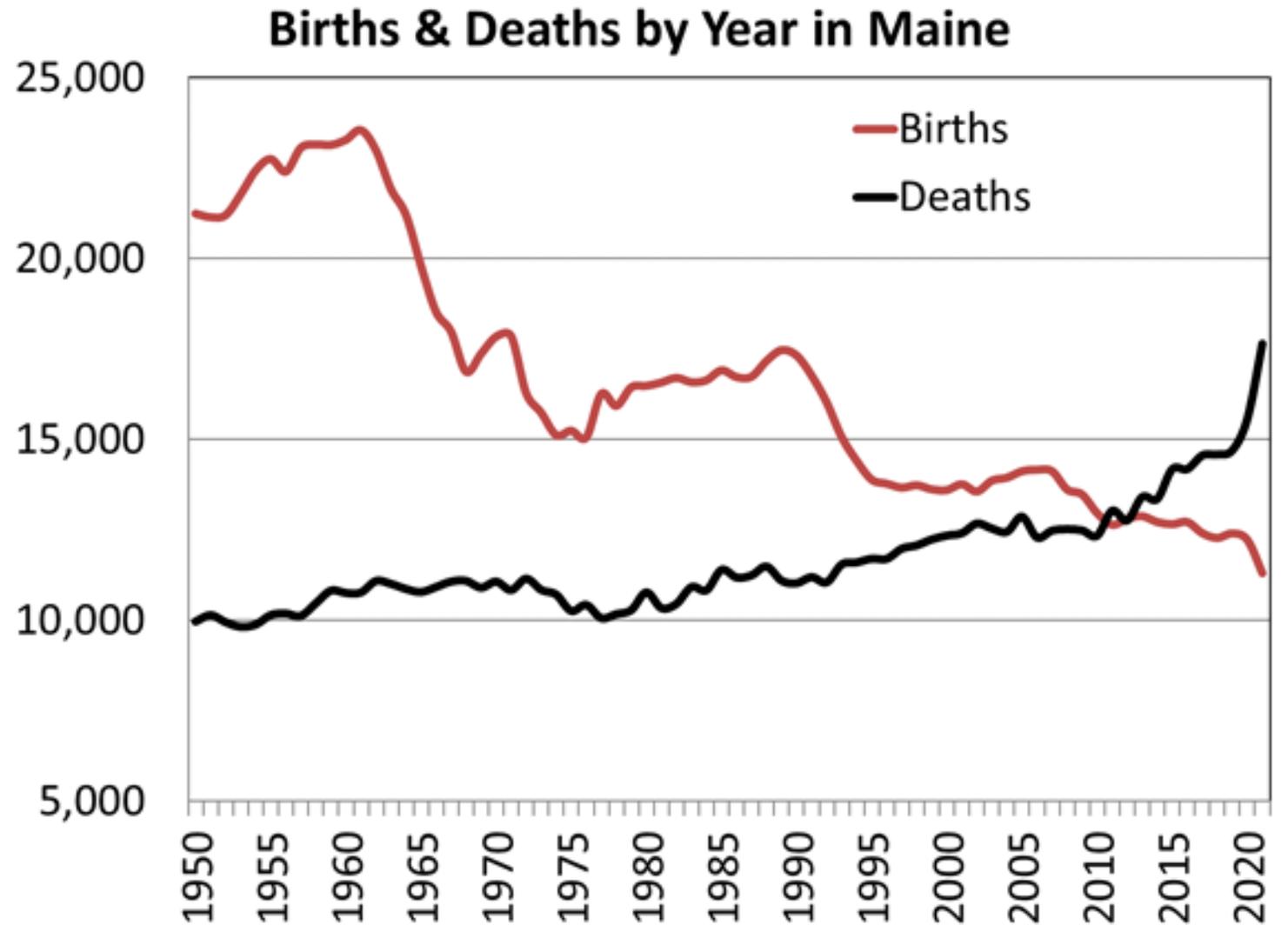
## Job Openings Rates *(Seasonally Adjusted)*



# **Employment Outlook 2020 to 2030**

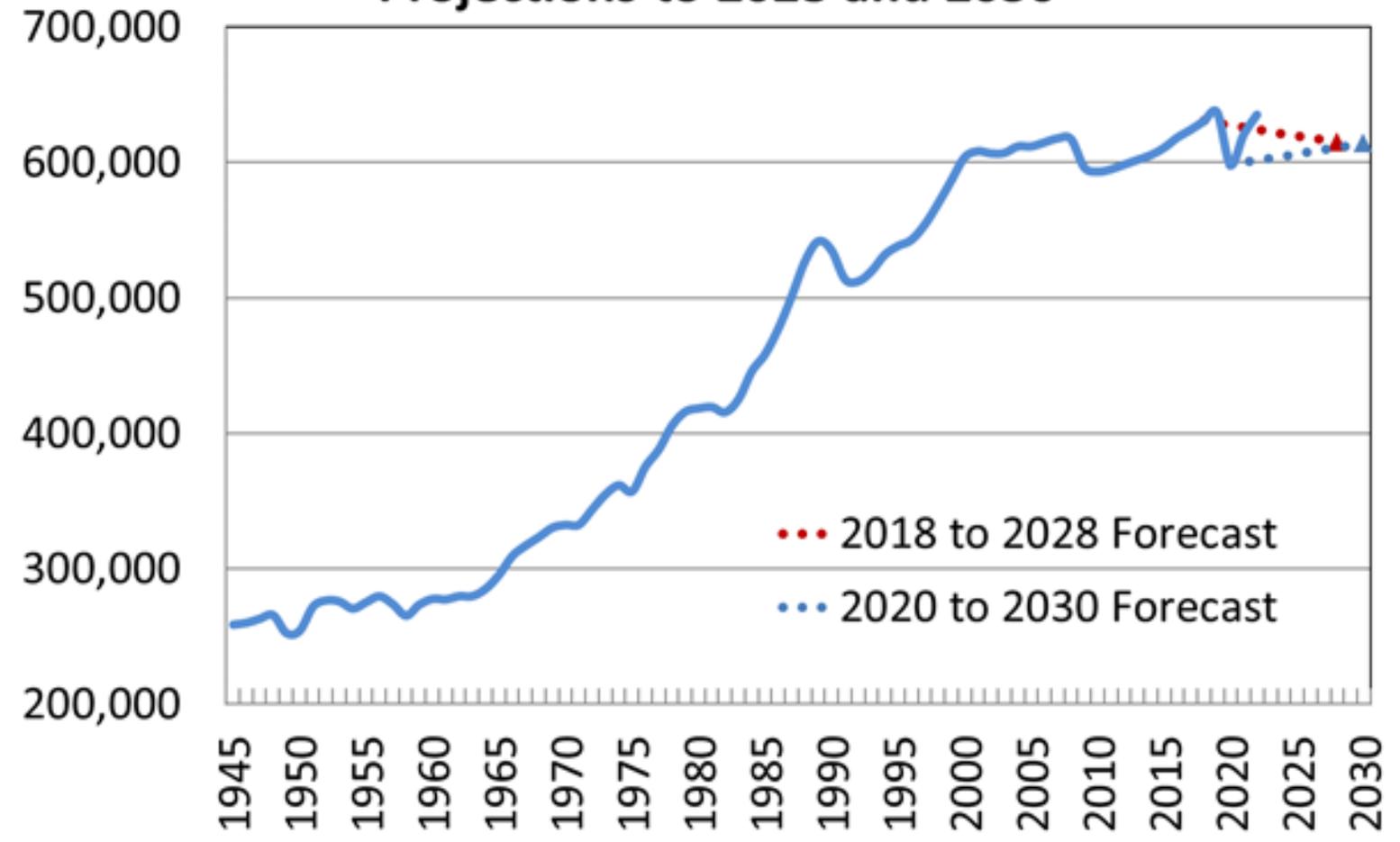
*(Complicated by pandemic-suppressed  
employment levels in the base year)*

The number of births per year continues to sink. The pandemic not only spiked the number of deaths, but also reduced births last year.



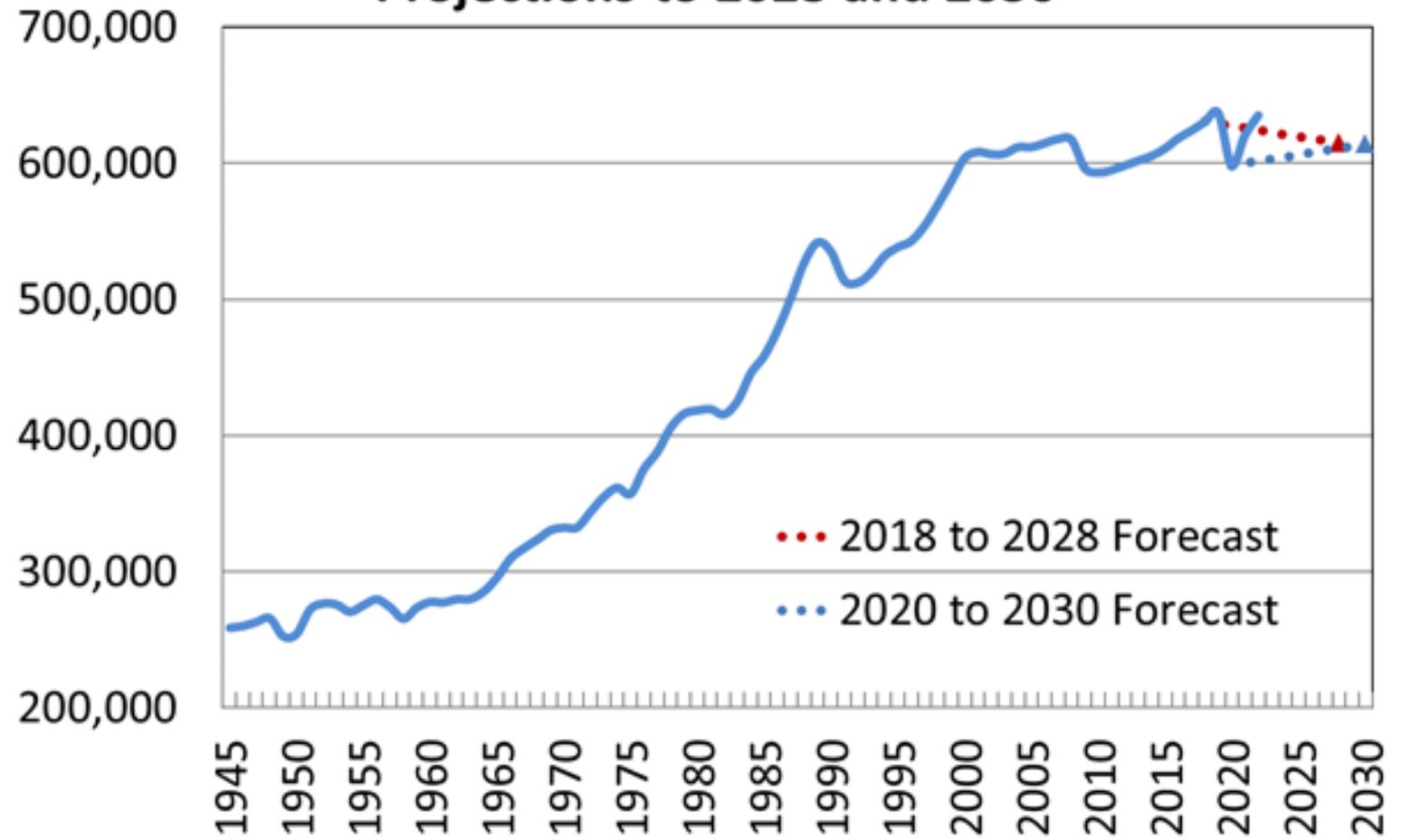
Based on currently available population forecasts, we expect employment will increase by 15,800 between 2020 and 2030. This is misleading because of pandemic-suppressed employment in 2020. In the latter part of 2022, the cyclical recovery is nearly complete. From now until 2030, long-term structural factors are likely to drive employment change. The decades-long decrease in births yields fewer people reaching working-age than reaching retirement. Employment is likely to peak sometime before 2030 unless in-migration of working-age people continues at a high rate.

### Nonfarm Jobs in Maine with Projections to 2028 and 2030



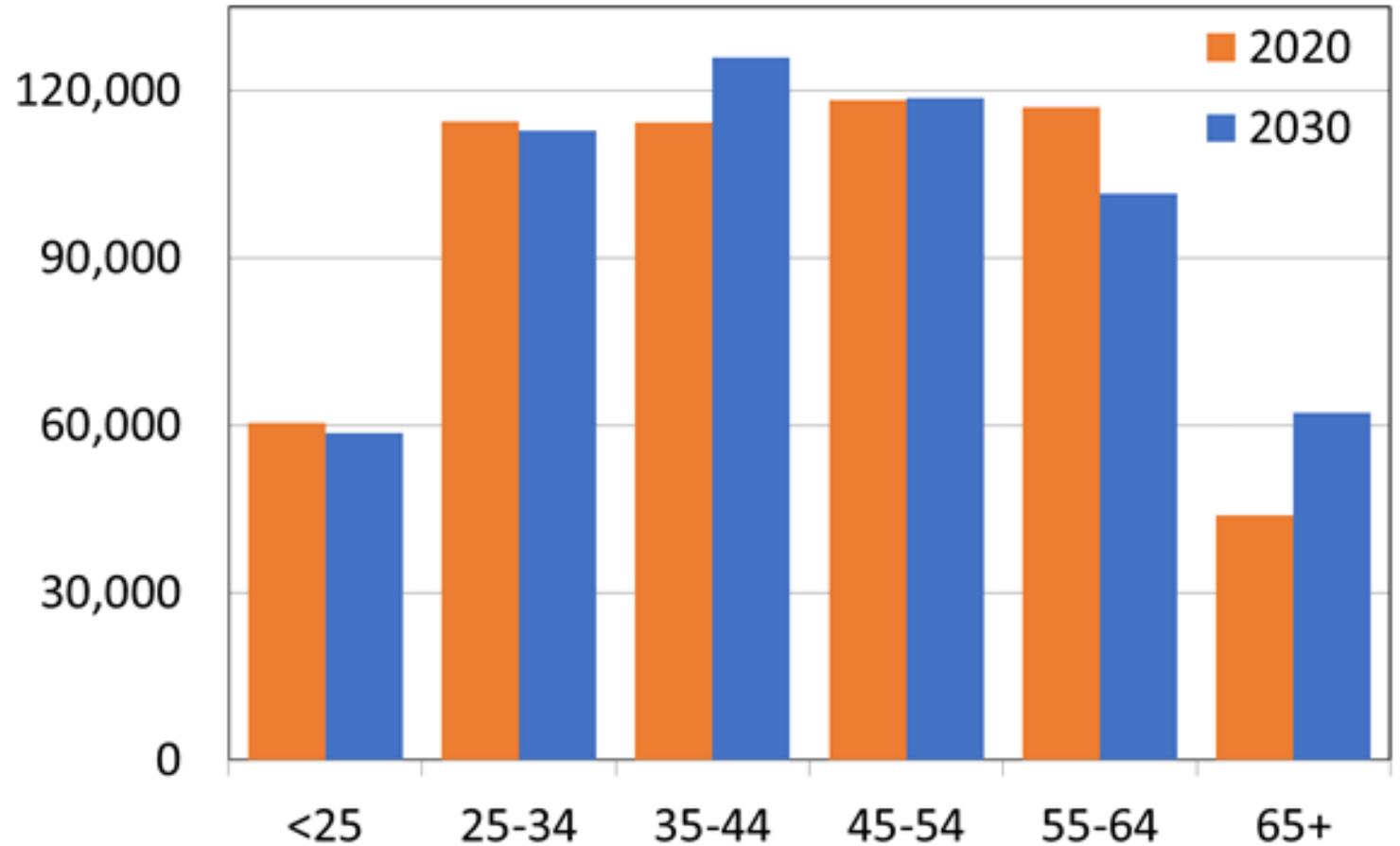
This situation often is portrayed as a crisis. The reality is that productivity improves by close to two percent per year. This should more than offset a 2.5 percent decrease in employment over ten years.

### Nonfarm Jobs in Maine with Projections to 2028 and 2030



The employment structure will become somewhat older and a larger share of our population will be retired in 2030.

### Employment by Age Group in Maine 2020 and Projected 2030



The unknown in the forecast is what migration patterns will look like through the rest of the decade. The pandemic caused a spike in net in-migration to the state, as many people left more congested areas. The remote work revolution has given more flexibility in where many people can choose to live. It is unclear how long this upsurge will last and at what magnitude. If it continues at similar rates the forecast is likely to be exceeded.

### Annual Population Change by Source in Maine

