



**Joint Meeting of the Consensus
Economic Forecasting
Commission and Revenue
Forecasting Committee**

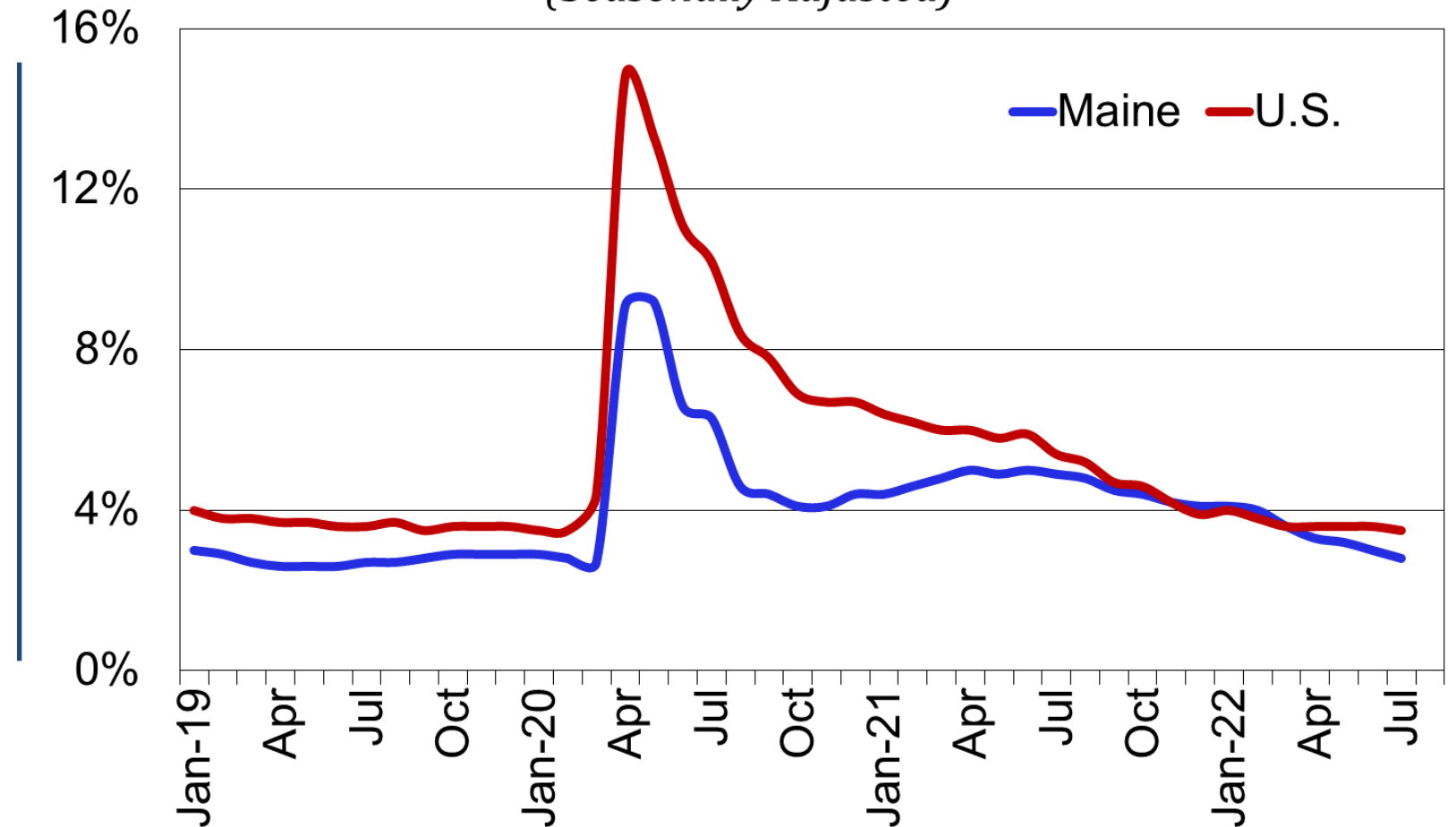
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**Center for Workforce Research and
Information**
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Prevailing Labor Market Conditions

- Maine's labor market is near full recovery from the effects of the pandemic
- So far, the economic anxieties related to persistently high inflation and the Federal Reserve's actions to stabilize price levels have not been reflected in labor market data
- [In the three-months through July 2022](#), the average number of jobs was 0.4 percent lower than the 2019 annual average
- Labor force participation has decreased primarily due to population aging and retirement decisions that may have been altered during the pandemic
- The robust economic recovery and continued effects of population aging have resulted in a competitive environment for attracting and retaining staff leading to:
 - **Job opening rates near record highs** (hovering around 7 percent in recent months), more than **two job openings** for every **one unemployed job seeker**
 - **Rapid growth in nominal wages** in 2021-2, though **outpaced by inflation** in the most recent data

Unemployment Rates

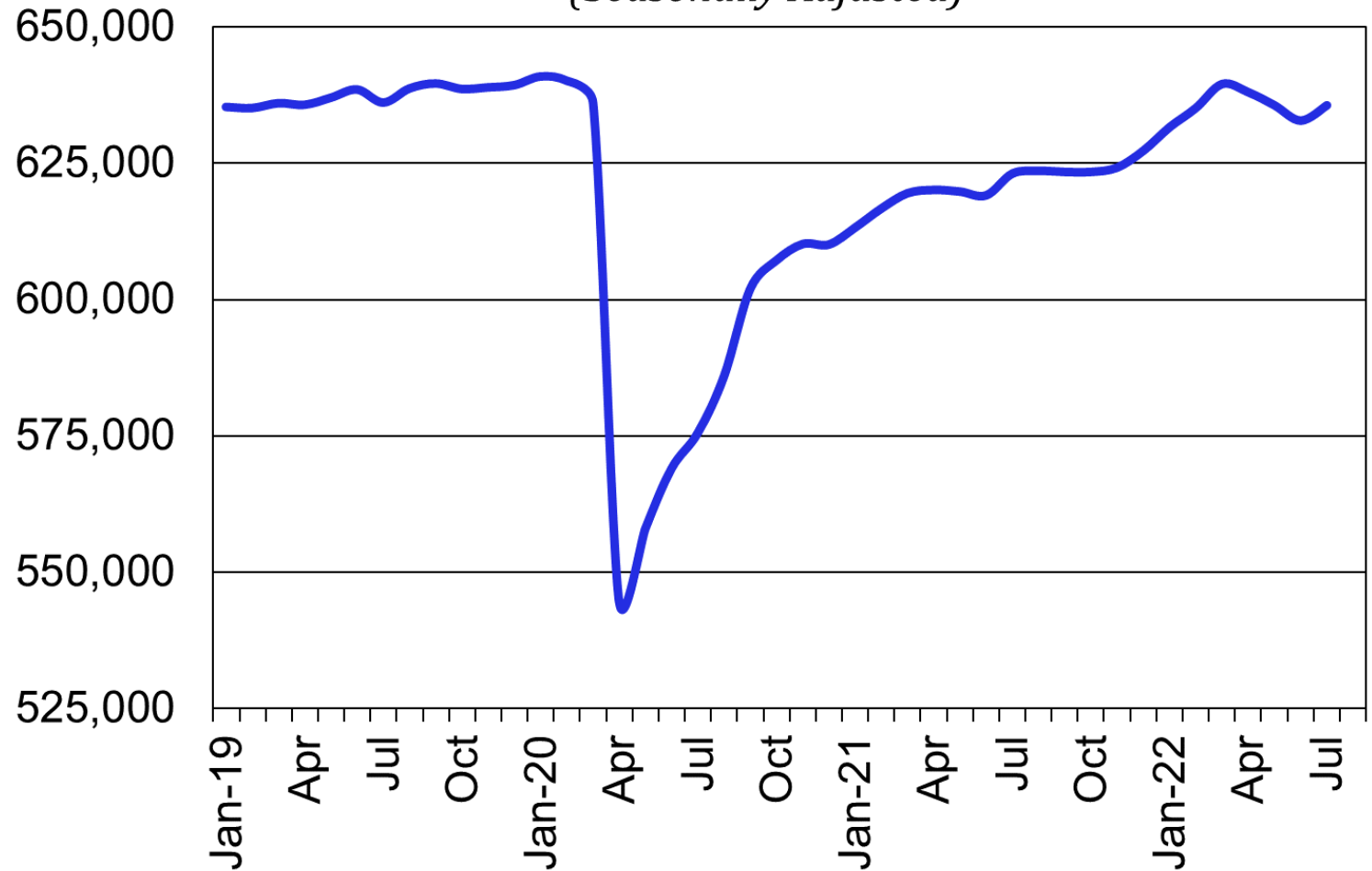
(Seasonally Adjusted)



- The low unemployment rates of more than two years ago have quickly returned
- The unemployment rate ticked down to 2.8 percent in July

- The jobs recovery has continued in 2022 overall
- Total nonfarm wage and salary jobs reached 635,600 in July
- Job levels are close to but just below the average job level from 2019 of 637,400

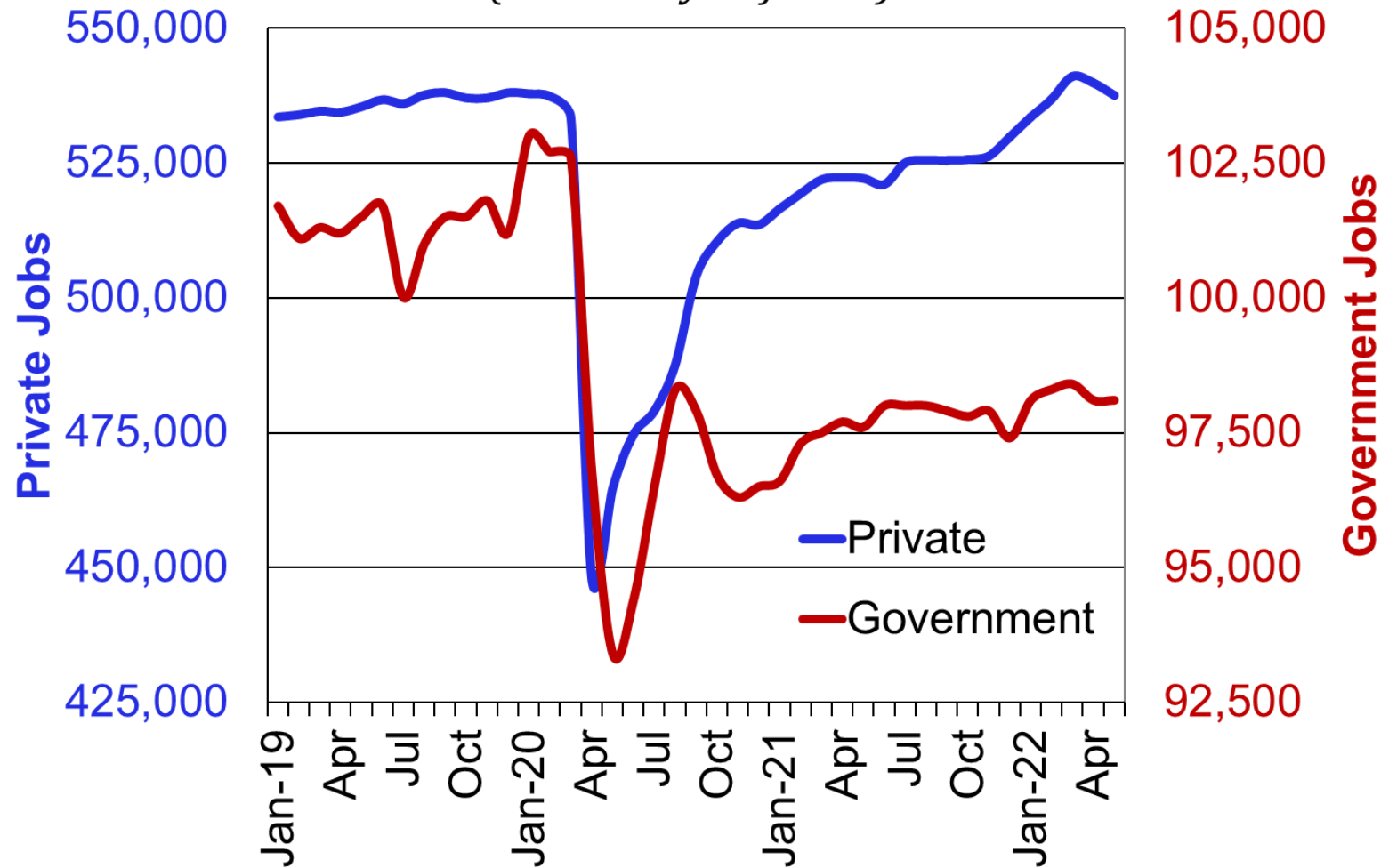
Nonfarm Wage & Salary Jobs (Seasonally Adjusted)



- The recovery of jobs in the private sector has been more robust relative to the public sector
- Private sector jobs levels have recovered to the 2019 average (in the three months through July)
- Whereas jobs in Government were 2.1 percent lower
- The private sector has likely been able to adapt to the competitive labor market environment and rising compensation more quickly than the public sector

Private Sector & Government Payroll Jobs

(Seasonally Adjusted)

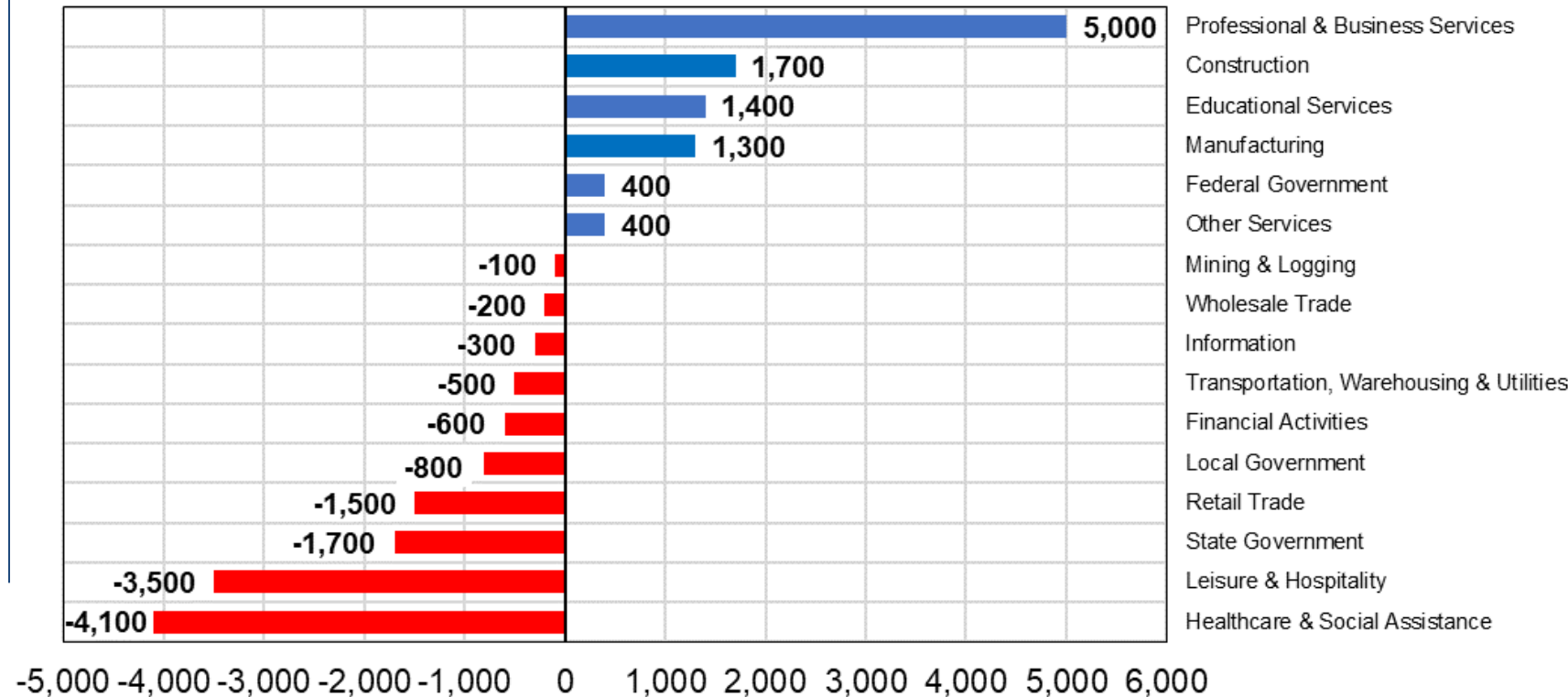


Differences in the current Labor Market

- 1) Labor Force Participation: has continued to tend lower
- 2) Jobs by Industry:
 - Jobs remain lower in health care and social assistance (**down 3.9 percent**, primarily in nursing and residential care) and state and local government (**down 2.1 percent** across all government)
 - A strong recovery lifted leisure and hospitality, the hardest hit sector for most of the pandemic, though there remain **4.9 percent fewer jobs**
 - Construction, professional and business services, and private educational services each have at least **5 percent more jobs**
- 3) Population: in-migration has accelerated recently resulting in population growth of 9,900 from 2020 to 2021 (the state's population grew by 34,000 from 2010 to 2020)

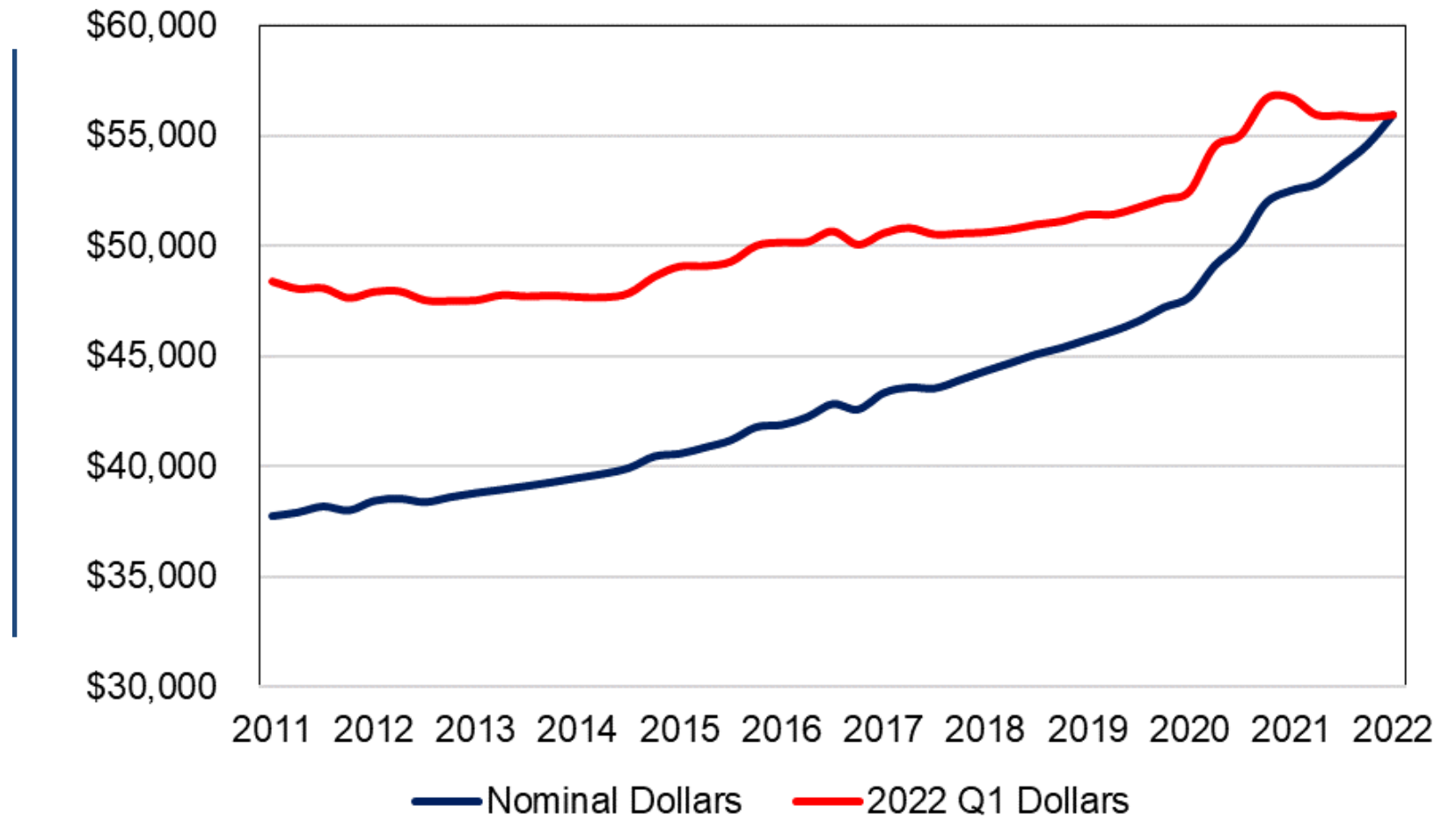
- While total jobs are near full recovery, the distribution of jobs across sectors has changed
- With net job growth in some sectors offsetting net job losses in others
- Some sectors have essentially the same staffing levels as before the pandemic

**Net Change in Jobs 3-month Average through July 2022
Relative to 2019 Annual Average (Seasonally Adjusted)**



- A competitive environment for attracting and retaining staff in the years before the pandemic, drove the strongest wage gains in decades
- Tight labor market conditions and strong wage growth quickly reemerged in 2021
- Inflation at 40-year highs is outpacing wage growth, decreasing the average wage per job in real terms through early 2022

Average Wage Per Job
(Four Quarter Moving Average)



Wage Growth

- The initial phase of the pandemic caused average wages to surge
 - partly due to hazard pay, increased overtime, raises, or bonuses for some workers
 - also due to job loss being concentrated in low-wage industries, skewing the average to a higher share of middle- and high-wage jobs (which experienced lower rates of job loss)
- The mix of jobs is now close to what it was more than two years earlier
- Some of the most rapid wage and salary growth has occurred in some of the lowest paying sectors
 - leisure and hospitality, the lowest paying sector, saw some the fastest wage growth of 12.4 percent over the previous year
- Wage growth exceeded 8 percent in a number of lower and higher paying sectors including:
 - leisure and hospitality, retail trade, wholesale trade, professional and business services, financial activities and information

Sector	Average Jobs 2022 Q1 4-Qtr Ave	Average Wage per Job 2022 Q1 4-Qtr Ave	Average Wage per Job 2021 Q1 4-Qtr Ave	Percent Change in Average Wage Over the Year
Total, All Industries	614,141	\$55,940	\$52,555	6.4%
Agriculture, Forestry, Fishing and Hunting	8,555	\$42,439	\$40,426	5.0%
Construction	34,420	\$58,539	\$55,311	5.8%
Manufacturing	60,354	\$65,326	\$64,858	0.7%
Wholesale Trade	19,175	\$82,359	\$74,372	10.7%
Retail Trade	79,480	\$36,792	\$33,858	8.7%
Transportation and Warehousing	20,766	\$53,170	\$49,666	7.1%
Information	7,442	\$69,395	\$64,188	8.1%
Financial Activities	30,748	\$83,853	\$77,054	8.8%
Professional and Business Services	74,471	\$74,910	\$66,430	12.8%
Educational Services	57,299	\$48,794	\$47,722	2.2%
Health Care and Social Assistance	107,605	\$58,434	\$54,242	7.7%
Leisure and Hospitality	63,848	\$28,892	\$25,714	12.4%
Other Services	16,949	\$41,876	\$40,134	4.3%
Public Administration	27,129	\$60,608	\$56,525	7.2%

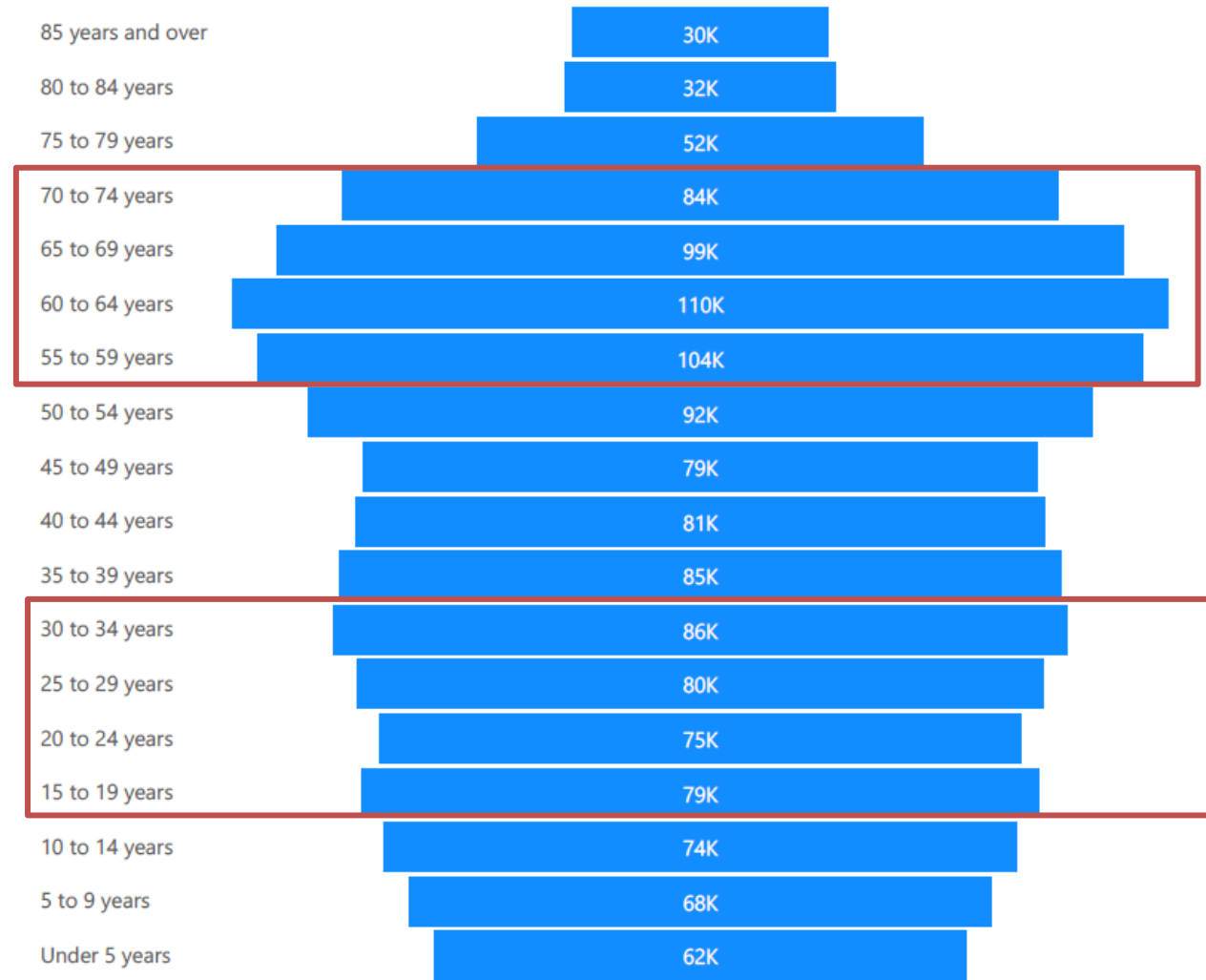
Note: Includes sectors with at least 5,000 jobs, CWRI Quarterly Census of Employment and Wages

Labor Force Participation and Population Structure

- Maine's aging population has and is expected to continue to lead to a decreasing labor force participation rate
- According to 2021 Census estimates, the population age 16 and over was just over 1.15 million, with 44.3 percent age 55 or over
- Similar demographic trends are occurring nationally, but these trends are more pronounced in Maine relative to the nation. Nationally, among the population age 16 and over, 37 percent are age 55 or over
- Retirement generally leads to a job opening for replacement needs in an organization
- Replacing workers with a tremendous amount of skills, experience and institutional knowledge developed overtime can be quite challenging for employers
- Replacing workers in senior positions through internal promotion or job switching workers from other organizations generally leads to downstream openings

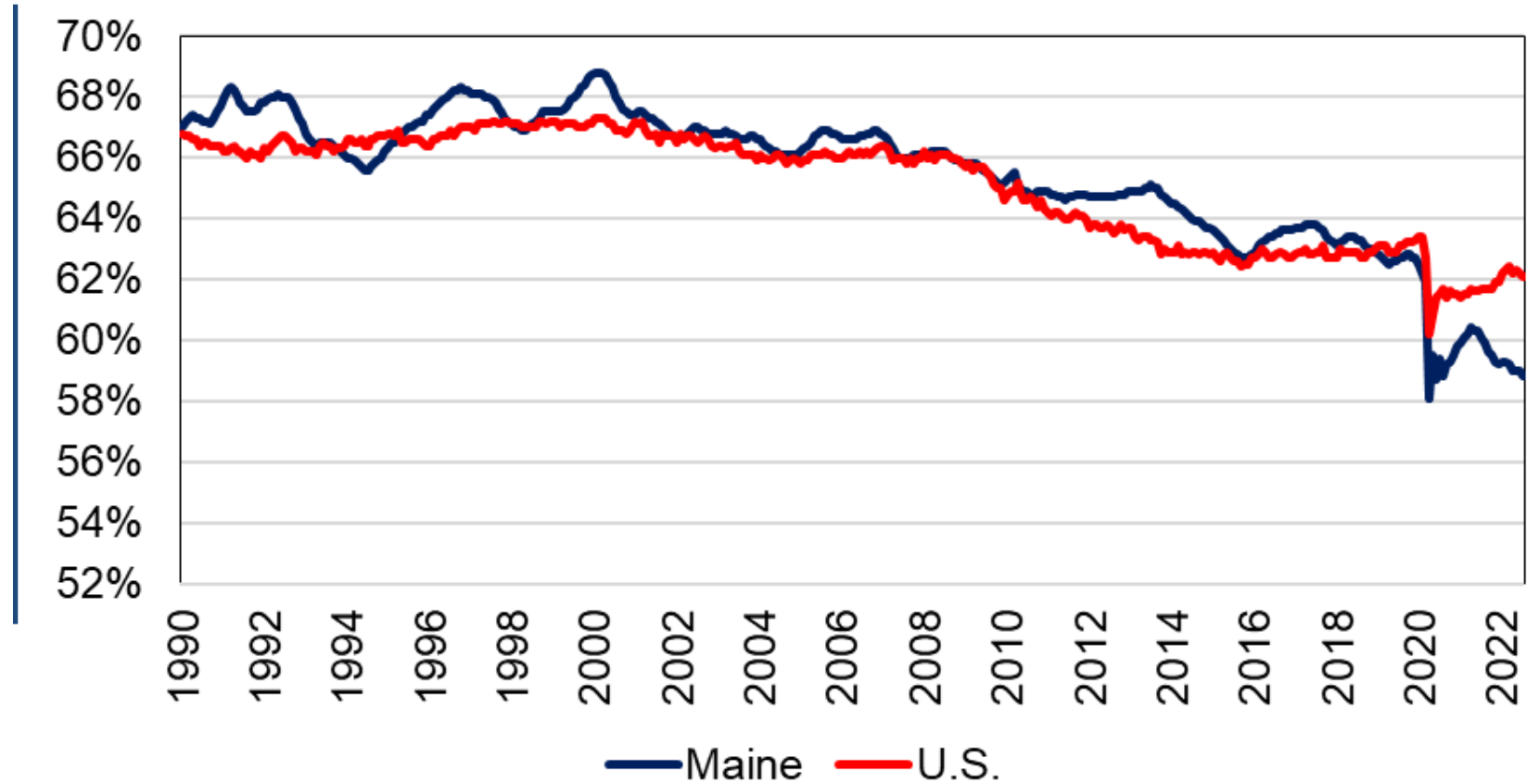
2021 Census Population Estimates by Age Group

- 396,500 people (29% of the population) between the ages of 55-74 are in or aging toward age ranges where retirement is more prevalent, labor force participation is lower
- 321,000 people (23.5% of the population) between the ages of 15-34 are in or aging toward high participation age ranges
- This imbalanced population structure helps us understand tightness in the labor market



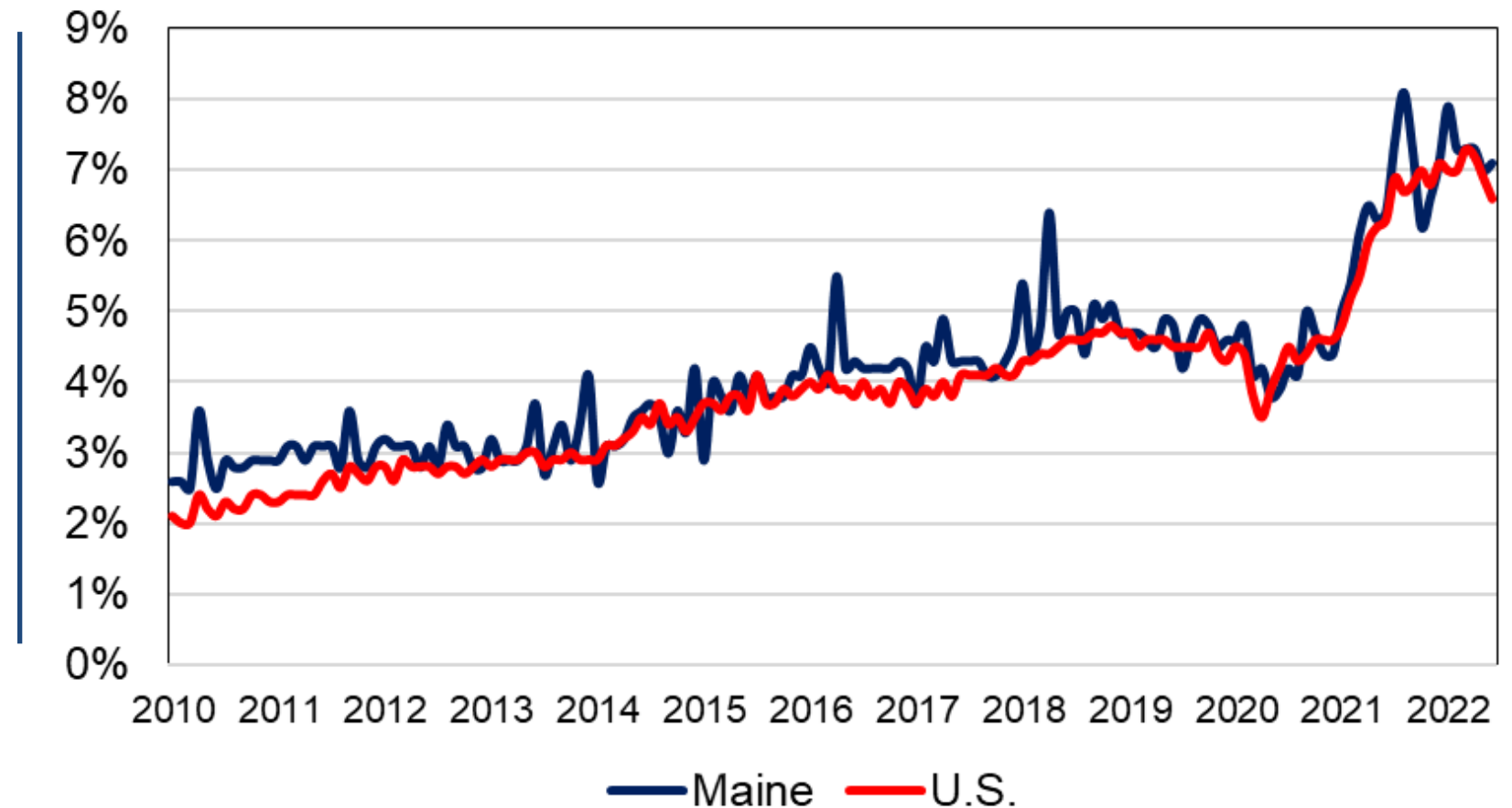
- Maine's labor force expanded rapidly as the large generation of baby boomers reached age 18 between 1964 and 1982
- Participation reached a peak around 2000 when the baby boom generation was between the ages of 36 and 54, age ranges where participation tends to be highest
- Baby boomers have or will reach age 65 between 2011 and 2029

Labor Force Participation Rate (Seasonally Adjusted)



- Job openings began to rise in the fall of 2020 as reopening and expanding businesses looked to staff-up
- The convergence of rising employer needs for staff at a time when fewer people were in the labor force caused the job openings rate to surge to more than seven percent in the latter part of 2021, the highest on record
- Openings remain historically high in 2022

Job Opening Rates (Seasonally Adjusted)



Number of Unemployed per Job Opening *(Seasonally Adjusted)*

- In this tight labor market, there are a small number of unemployed job seekers actively looking to fill an open job relative to the number of job openings
- Workers switching from one job to another generally lead to a job opening stemming from replacement need



- Relative to the nation, Maine has a higher share of job holders age 55 and over
- The large population over 55 represented 26.4% of all private sector job holders in 2021 (mostly among those age 55-74)

Note: These data from the Census Quarterly Workforce Indicators represent private sectors jobs only (Maine and U.S.) as public sector data is not available for all states

2021 Share of Private Sector Job Holders by Age Group

