

Job Growth Outlook

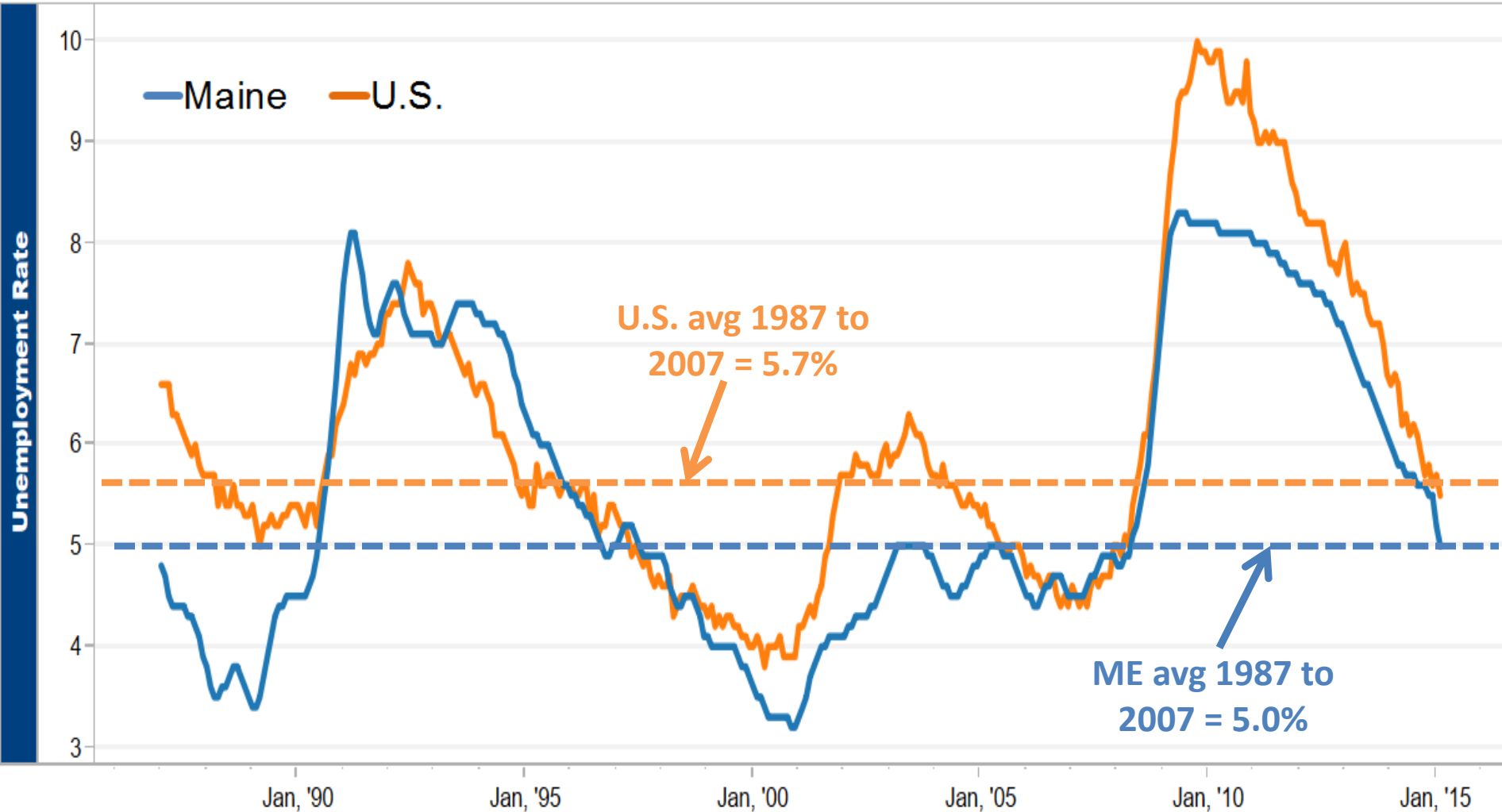
Presented to the
Consensus Economic Forecasting Commission
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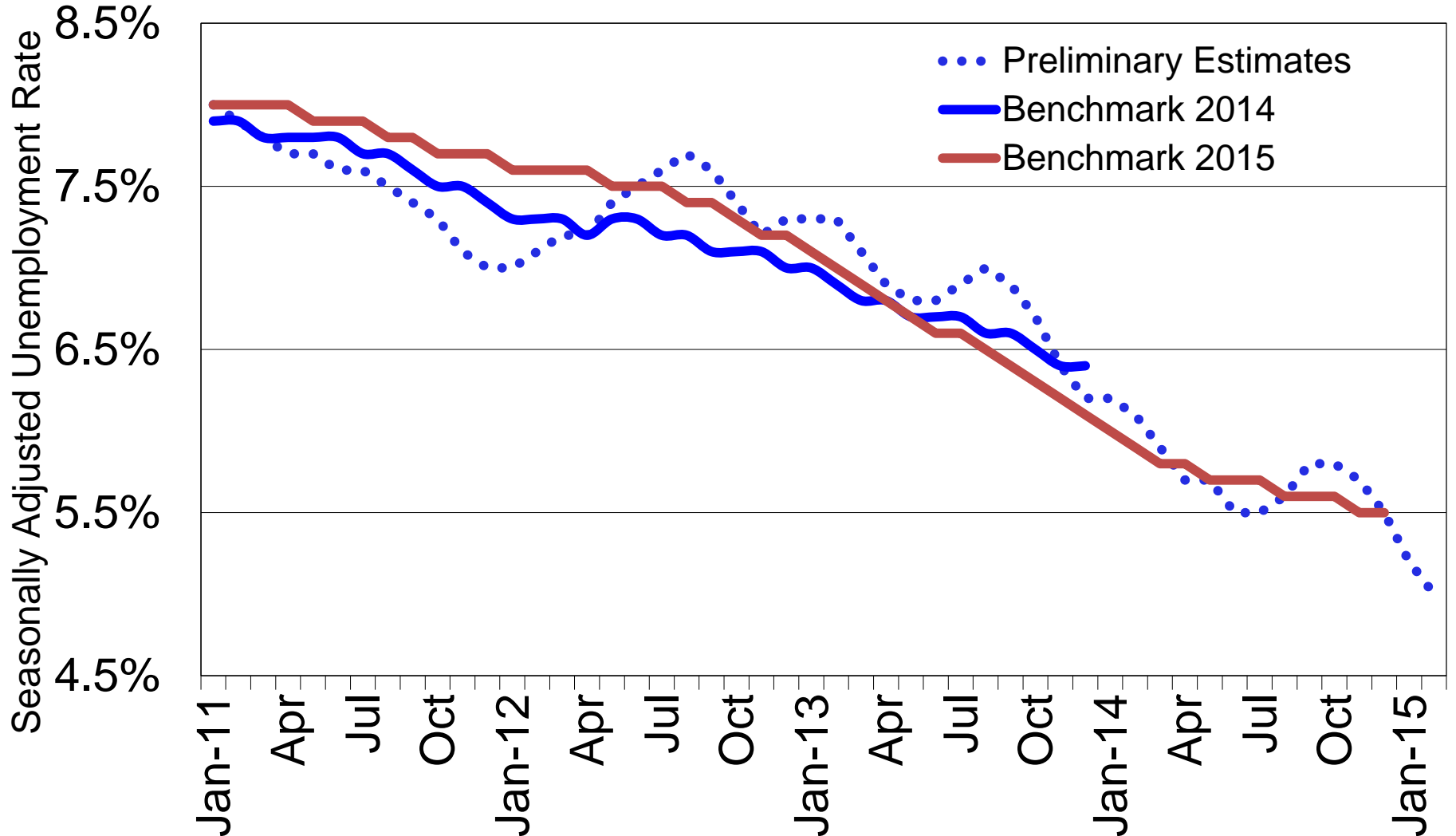
Labor Force

Unemployment rates continue to trend lower.
The February rate of 5.0% for Maine is back to the
20 year average prior to the recent recession.

Monthly (Seasonally Adjusted)

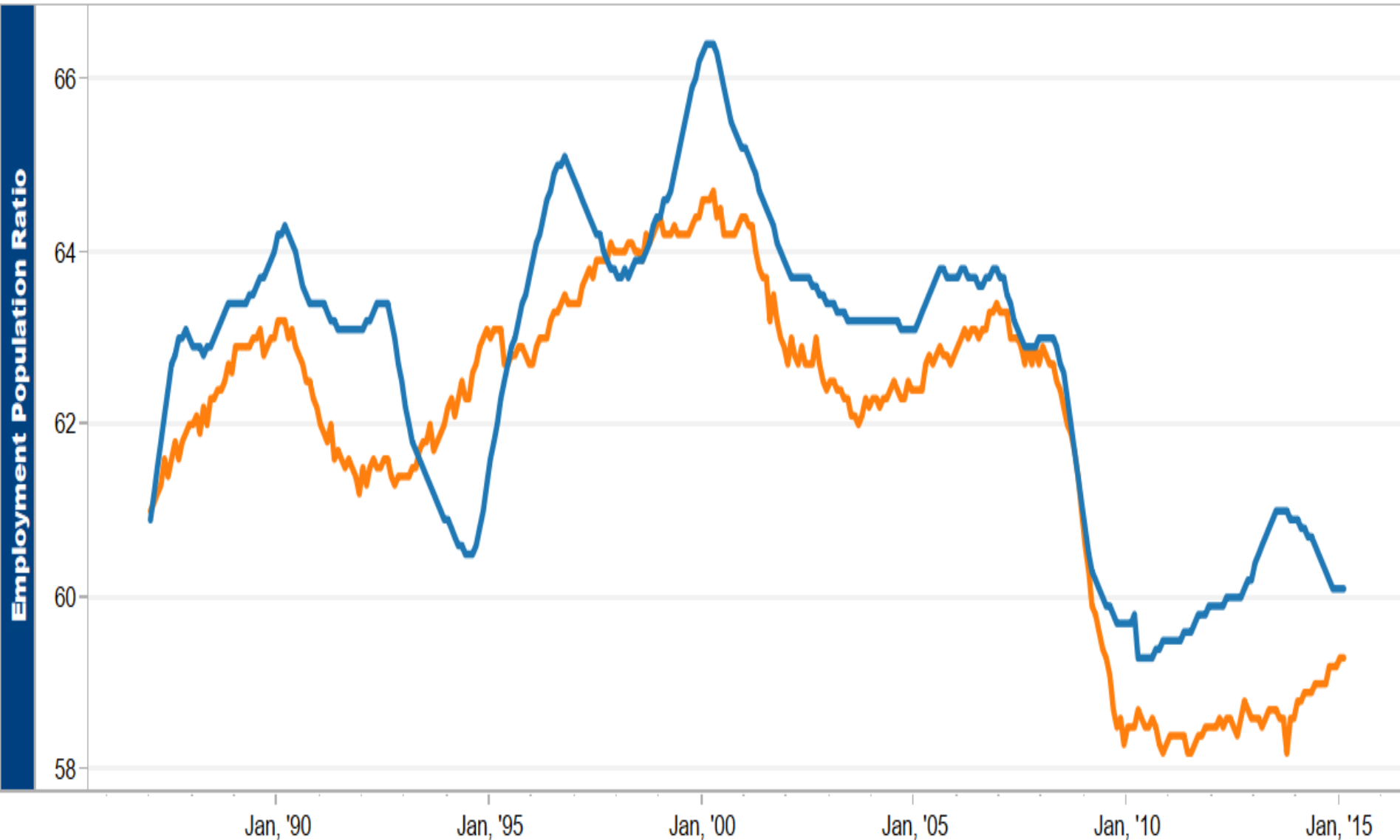


Preliminary unemployment rates continue to move in a direction for several months and then change course. Revisions demonstrate a consistent downward trend.



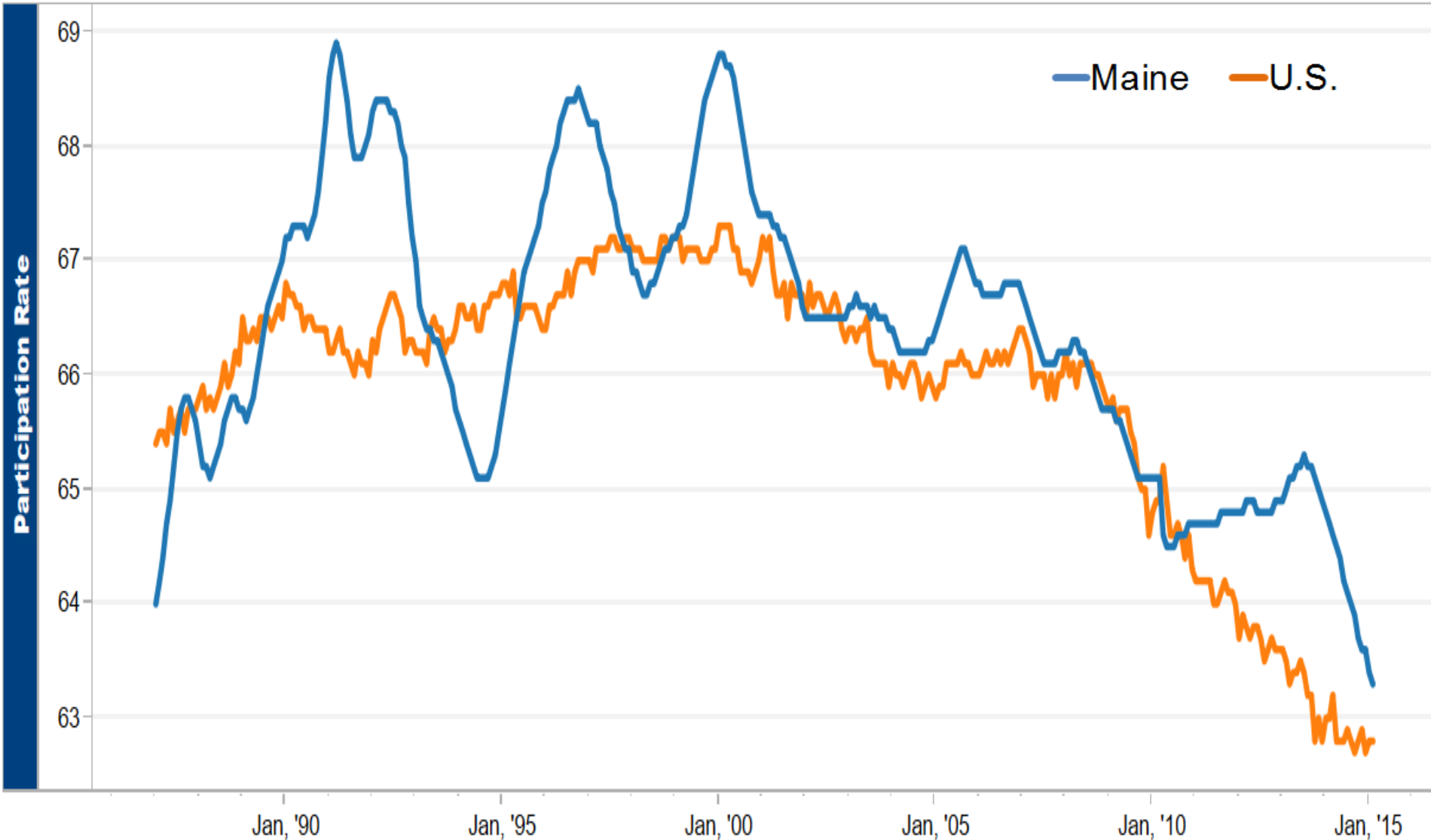
The employment to population ratio continues to recover...

Monthly (Seasonally Adjusted)



...But labor force participation has been declining since mid-2013 and is now at a 29 year low

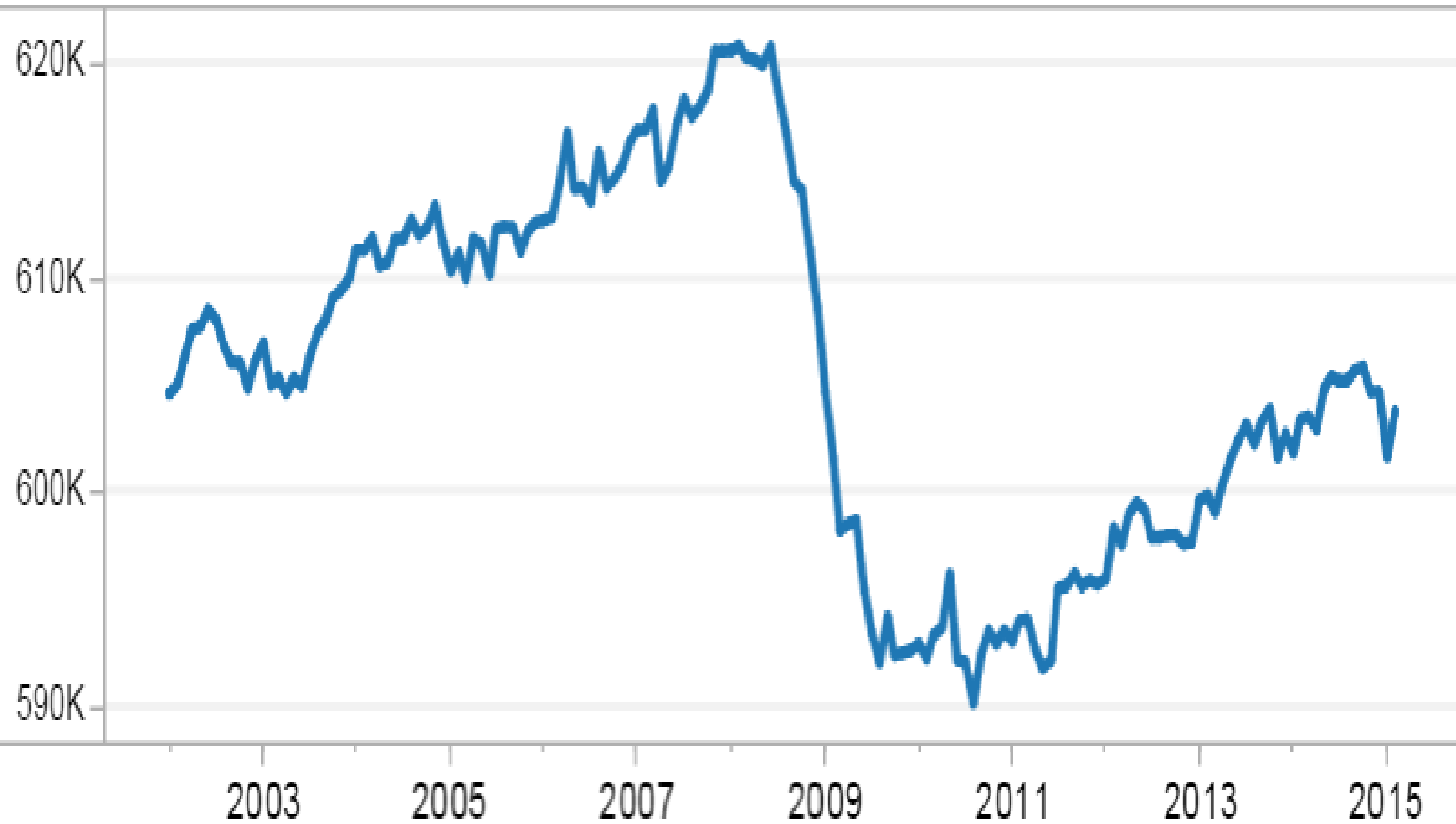
Monthly (Seasonally Adjusted)



Payroll Jobs

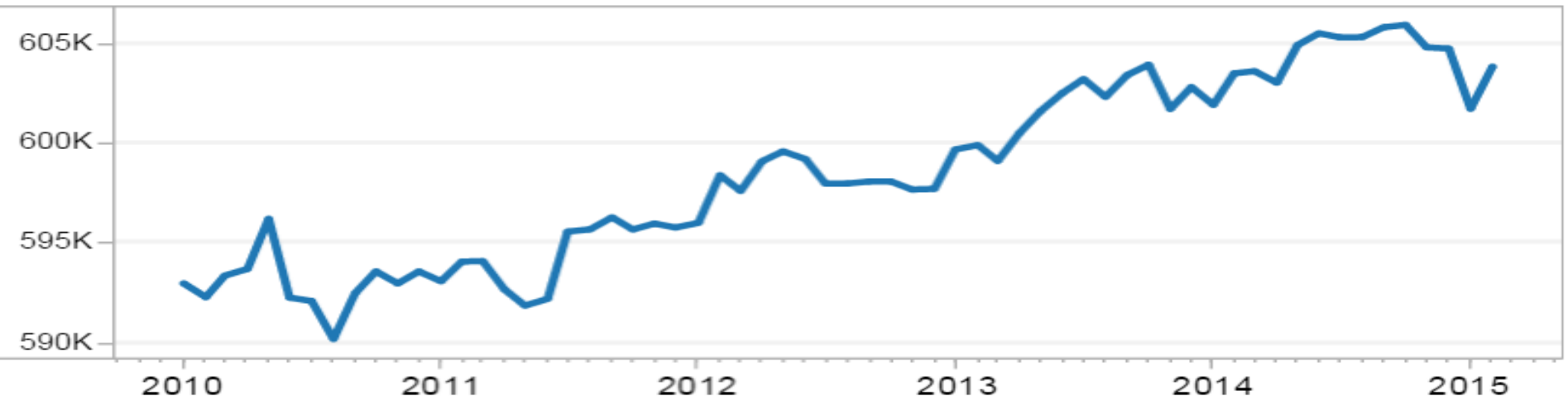
Nonfarm payroll job growth continues...

Total Nonfarm



...Though the rate of recovery has slowed

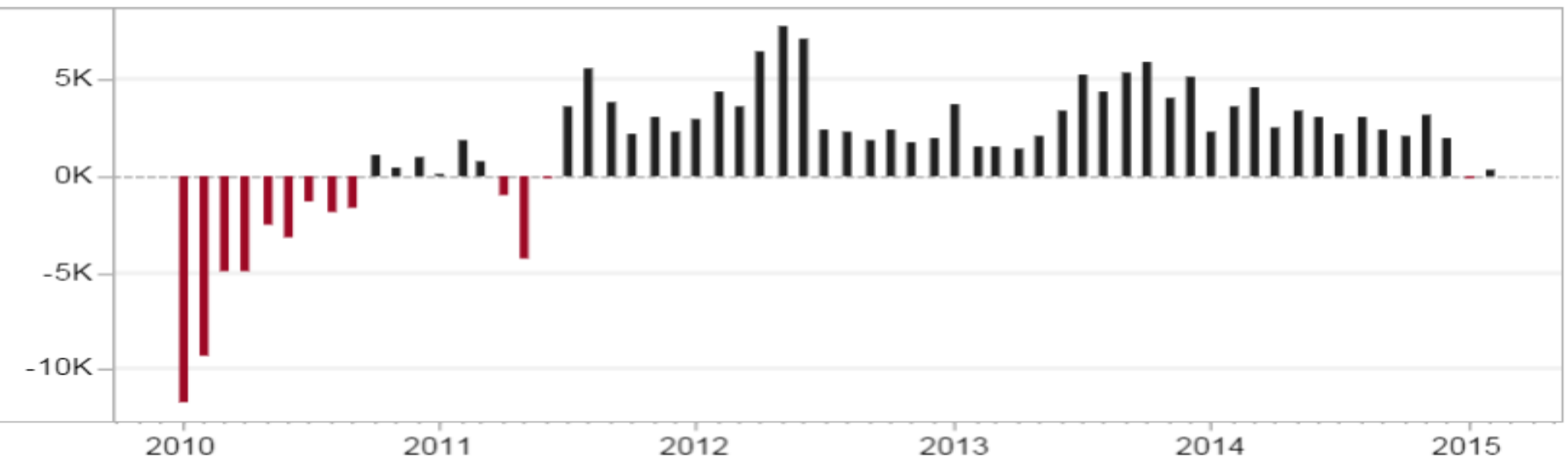
Total Nonfarm



Hover over graphs to display details

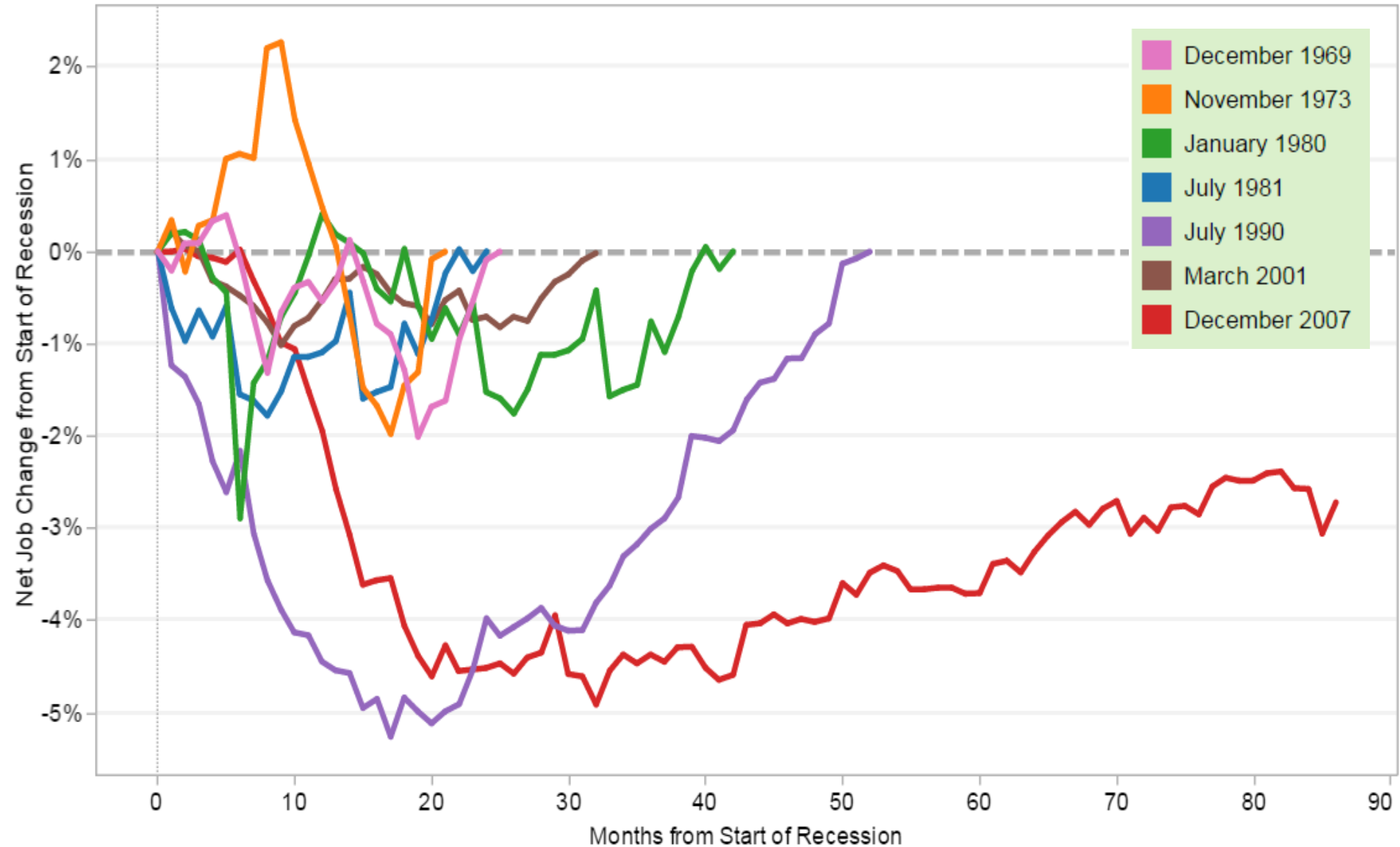
Seasonally Adjusted

Over-the-Year Change

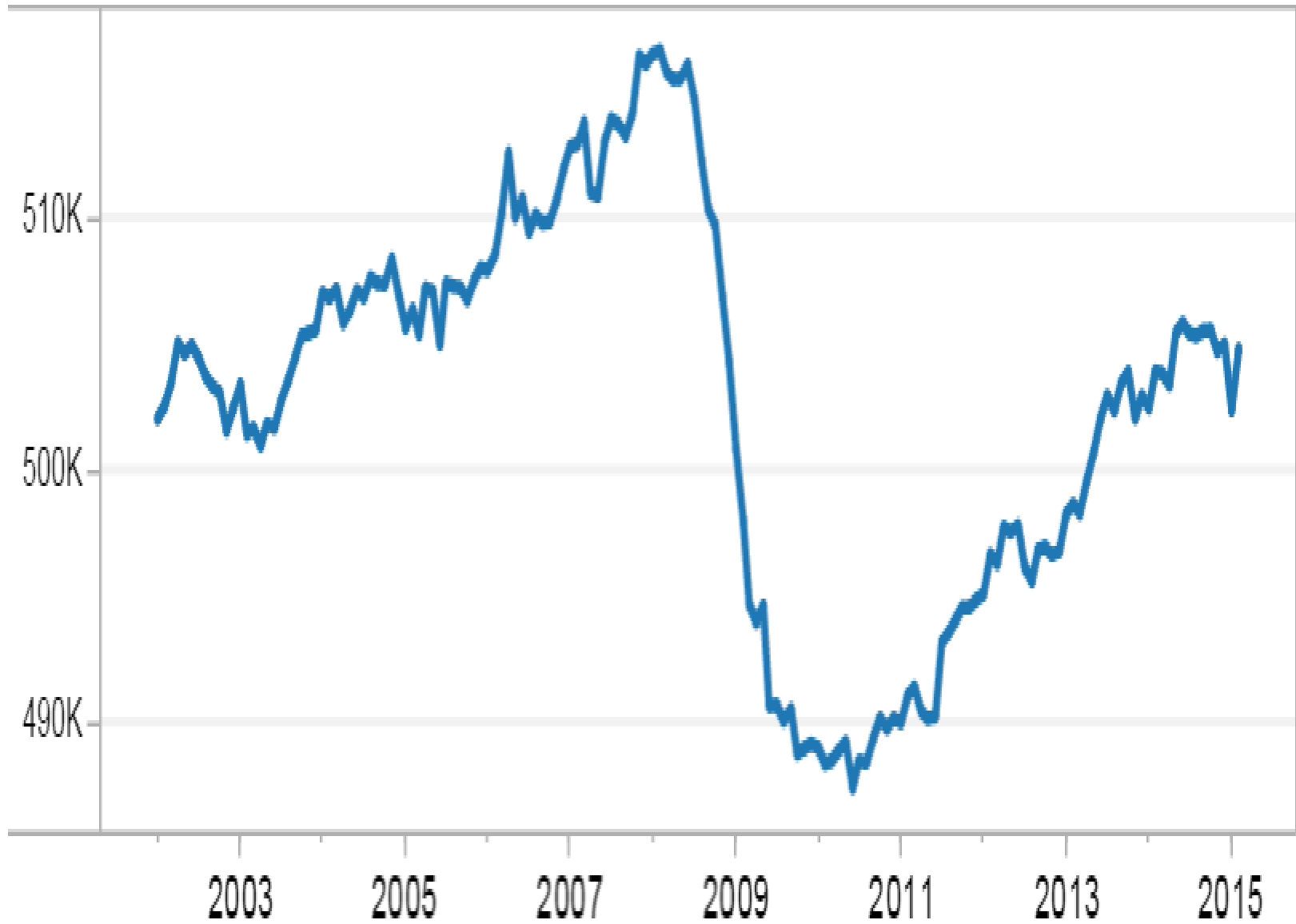


This recovery is different

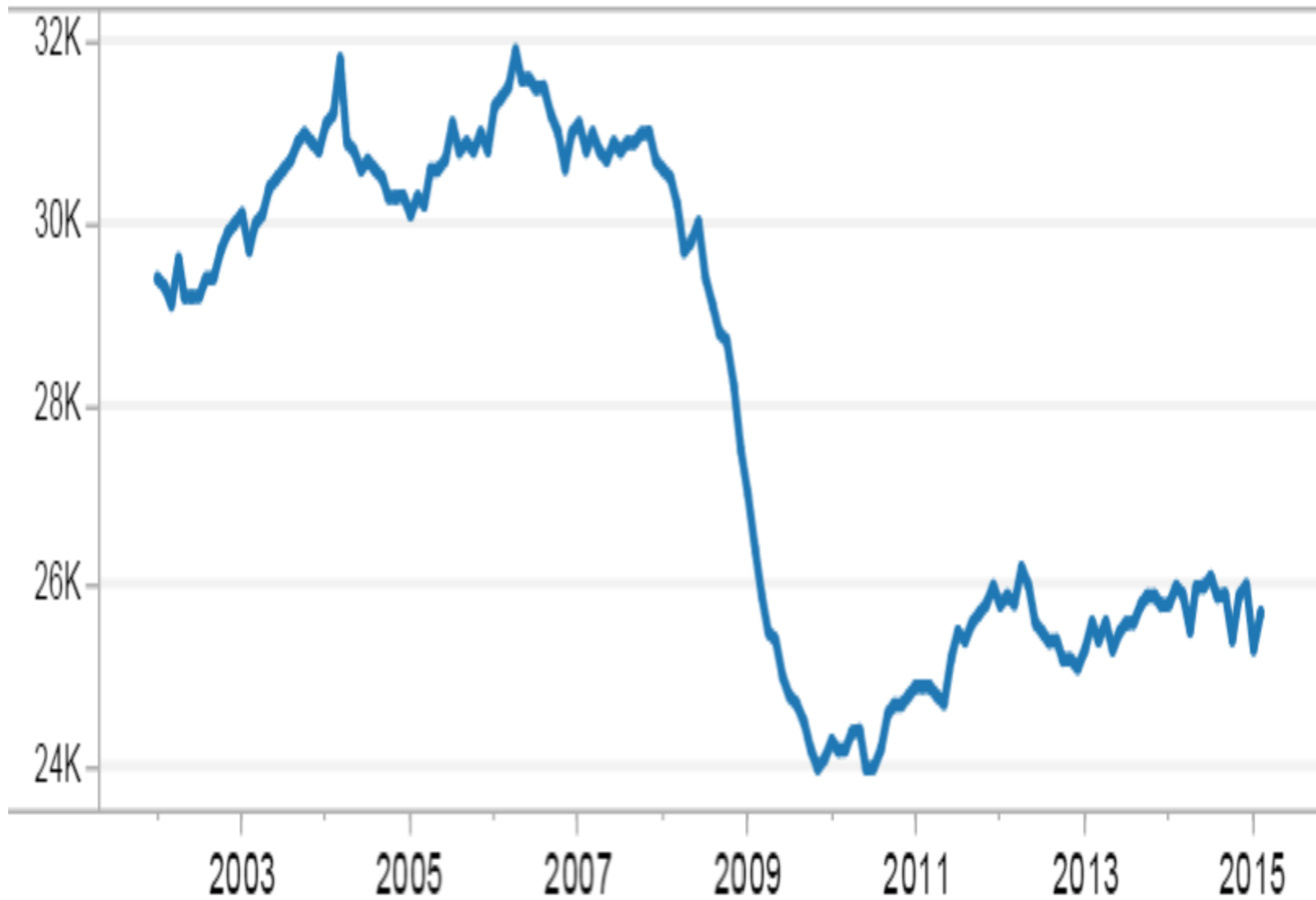
Net Job Change in Maine for the Last 7 Recessions



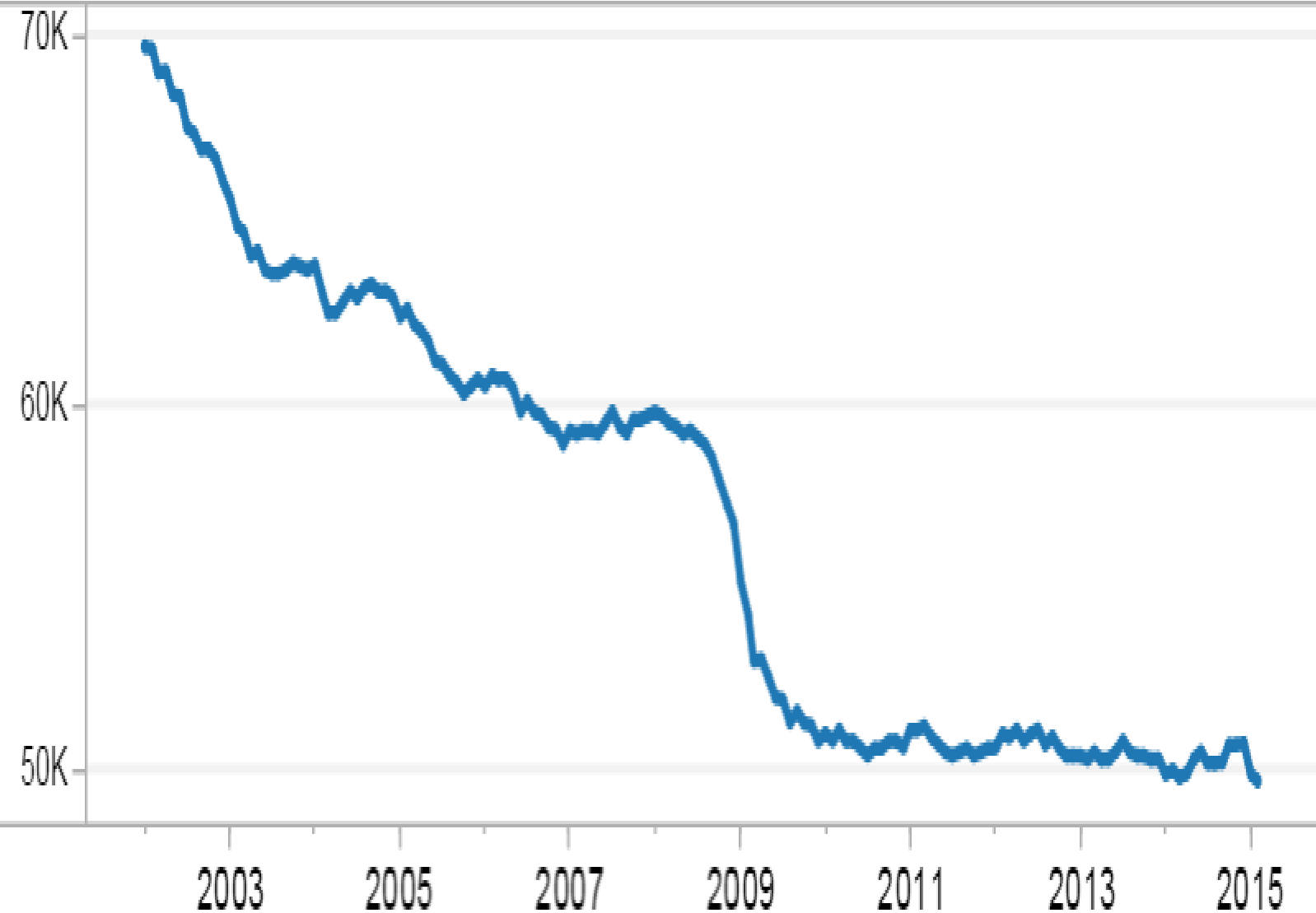
Total Private



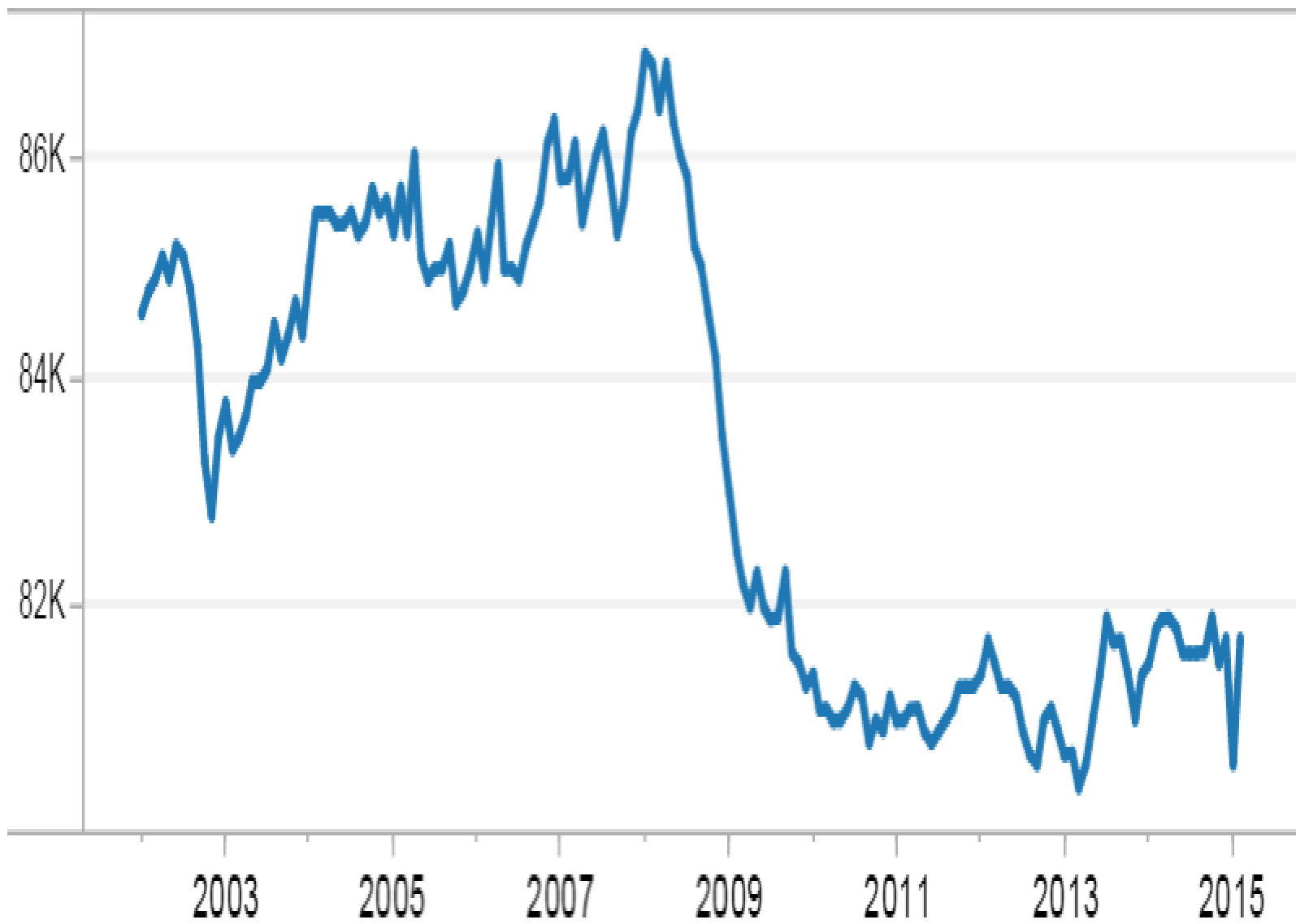
Construction



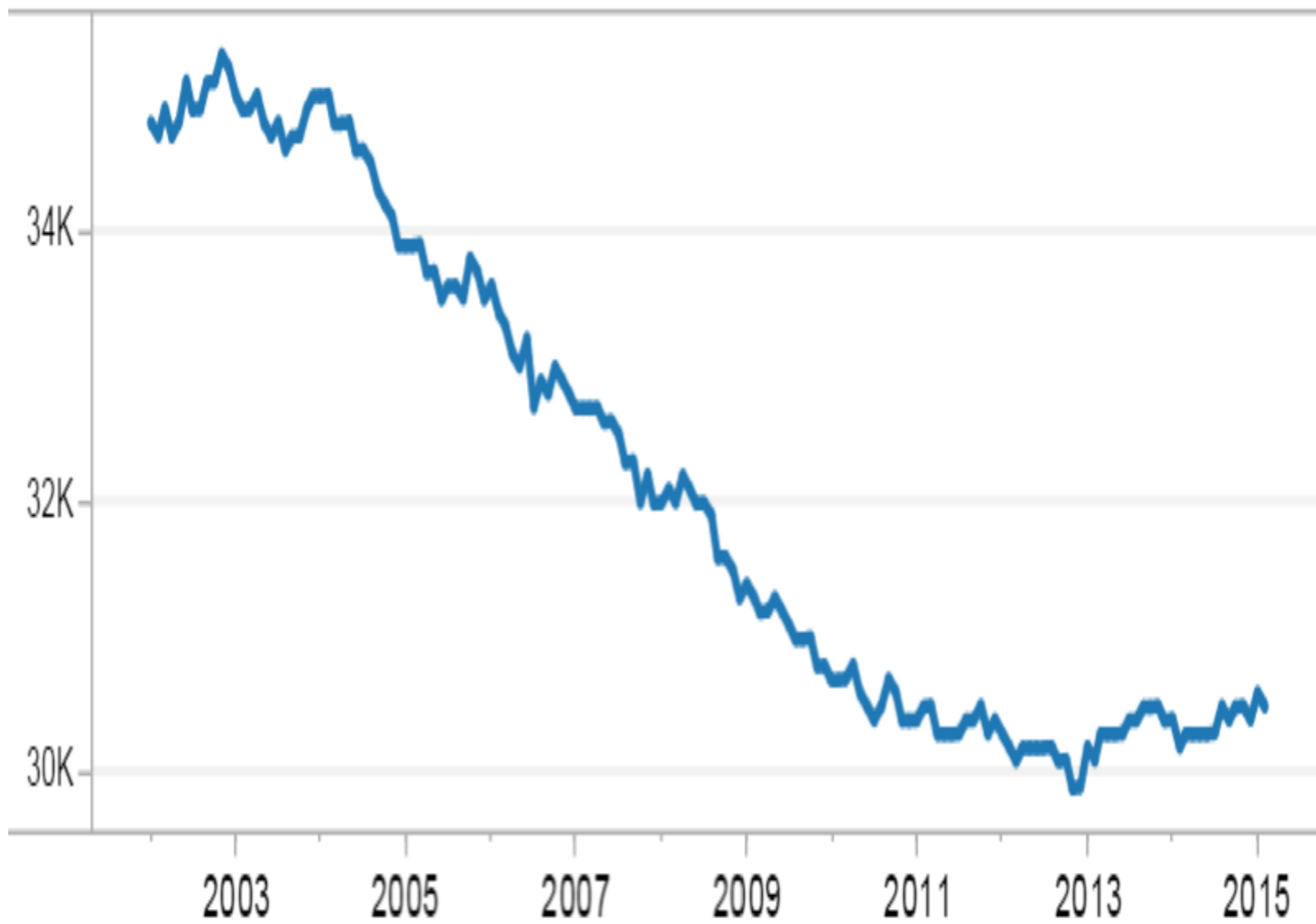
Manufacturing



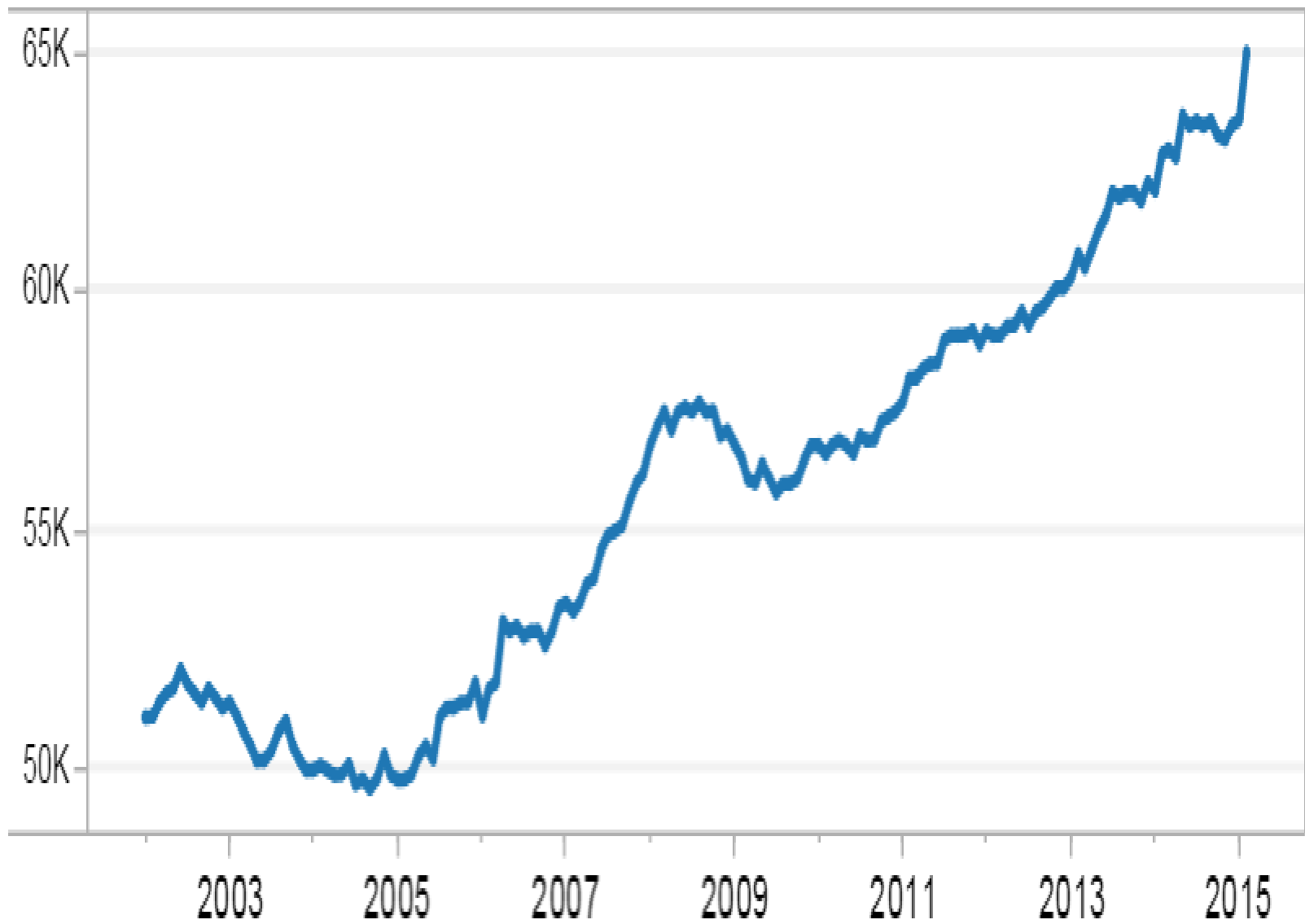
Retail Trade



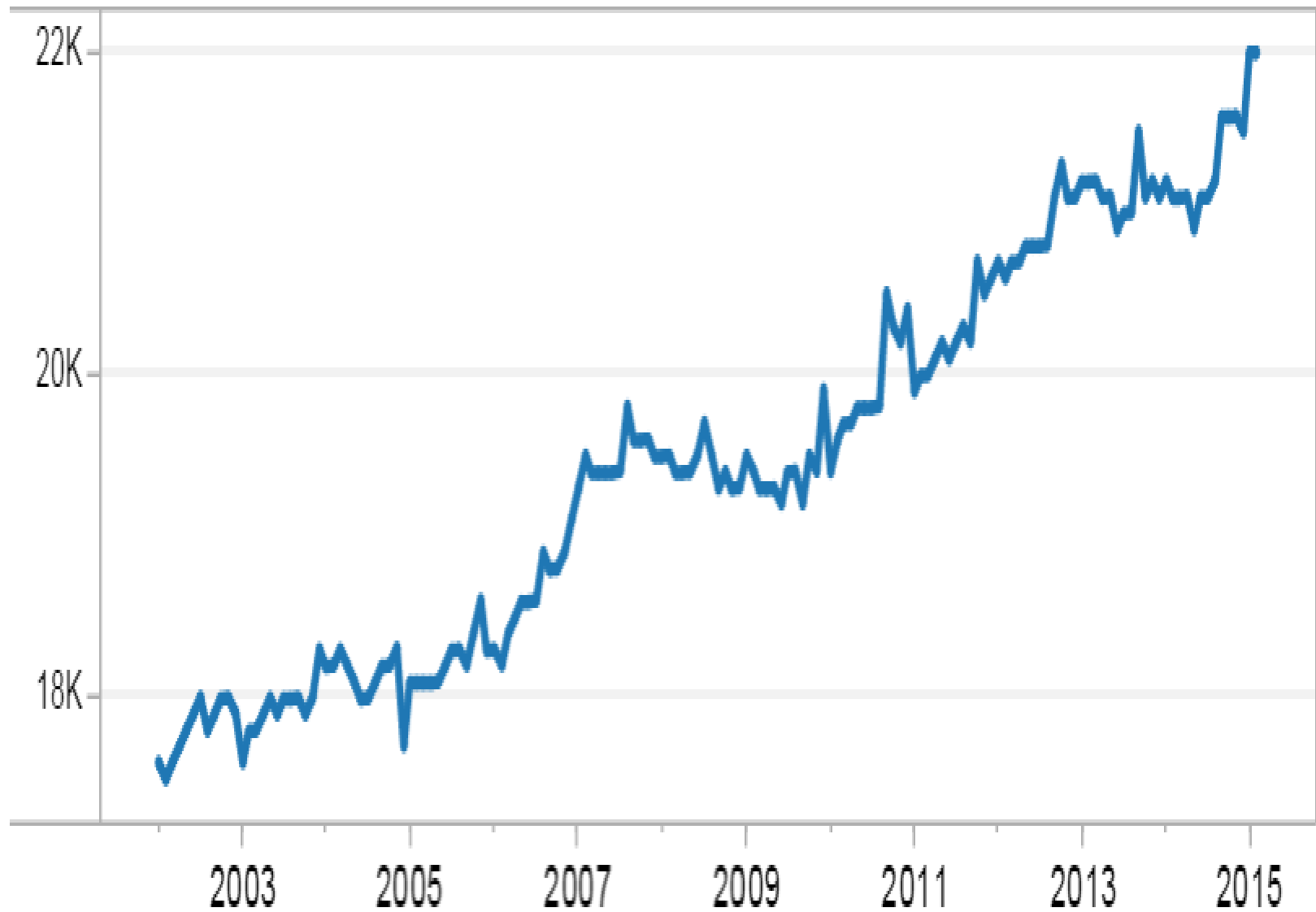
Financial Activities



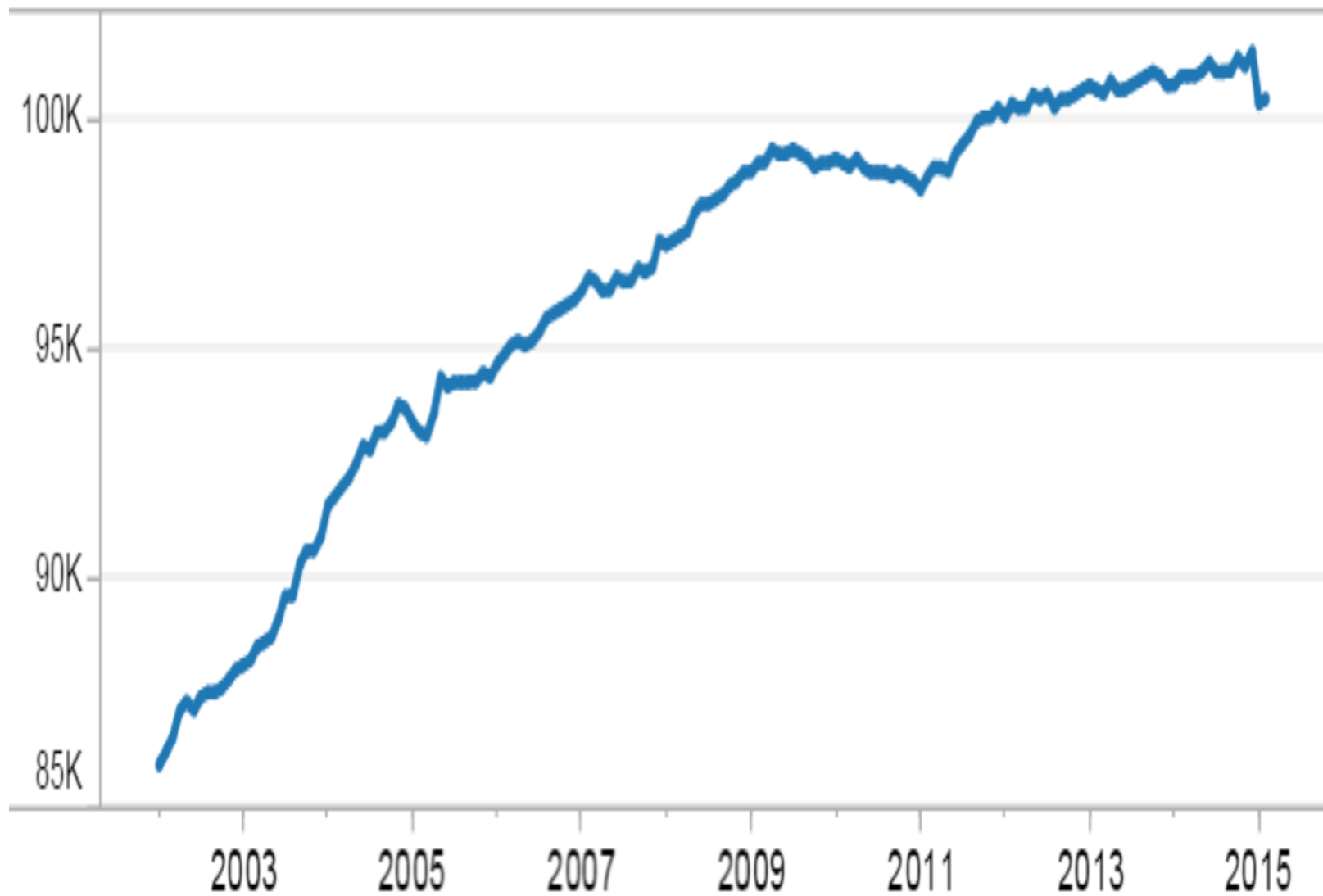
Professional and Business Services



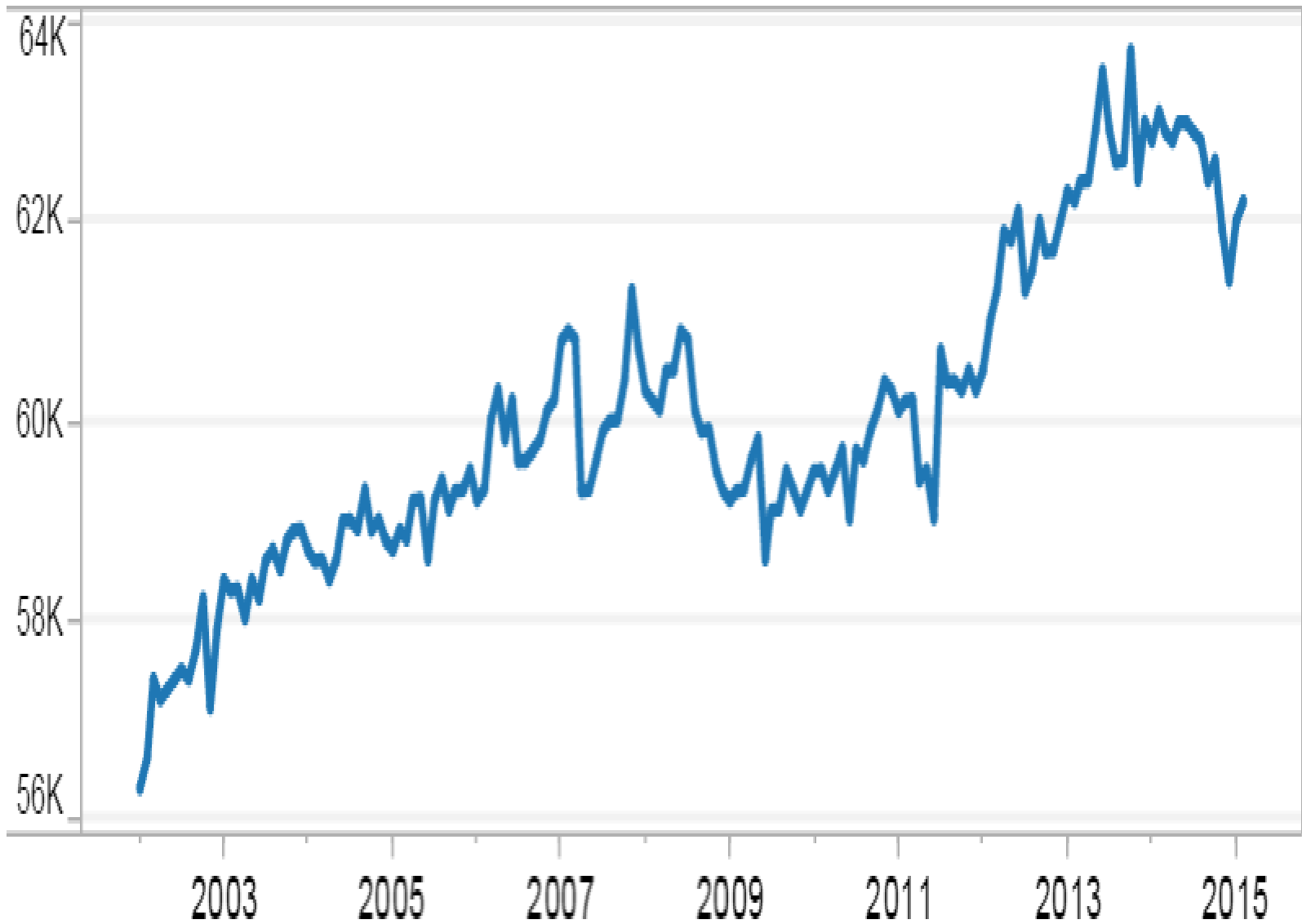
Educational Services



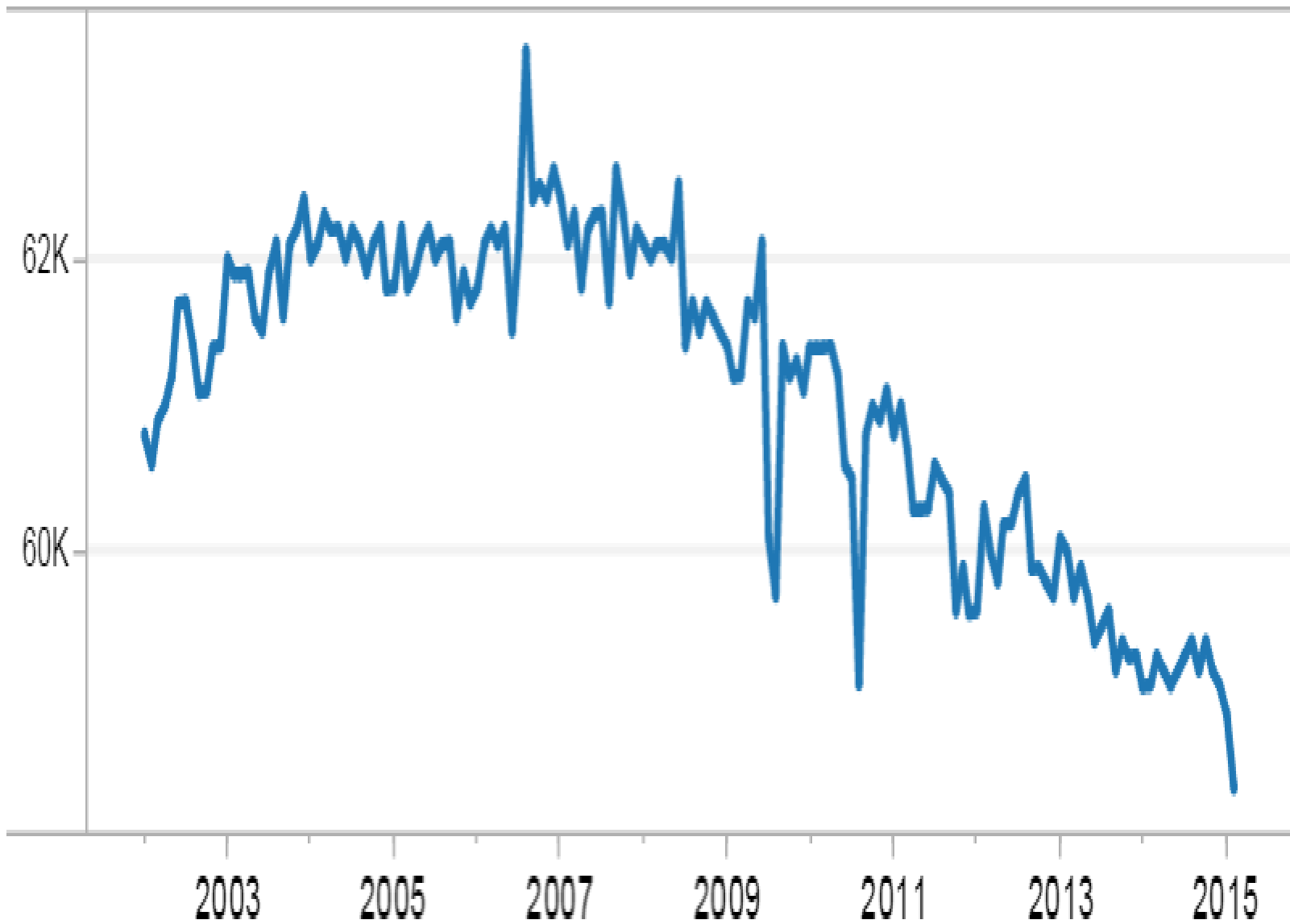
Health Care and Social Assistance



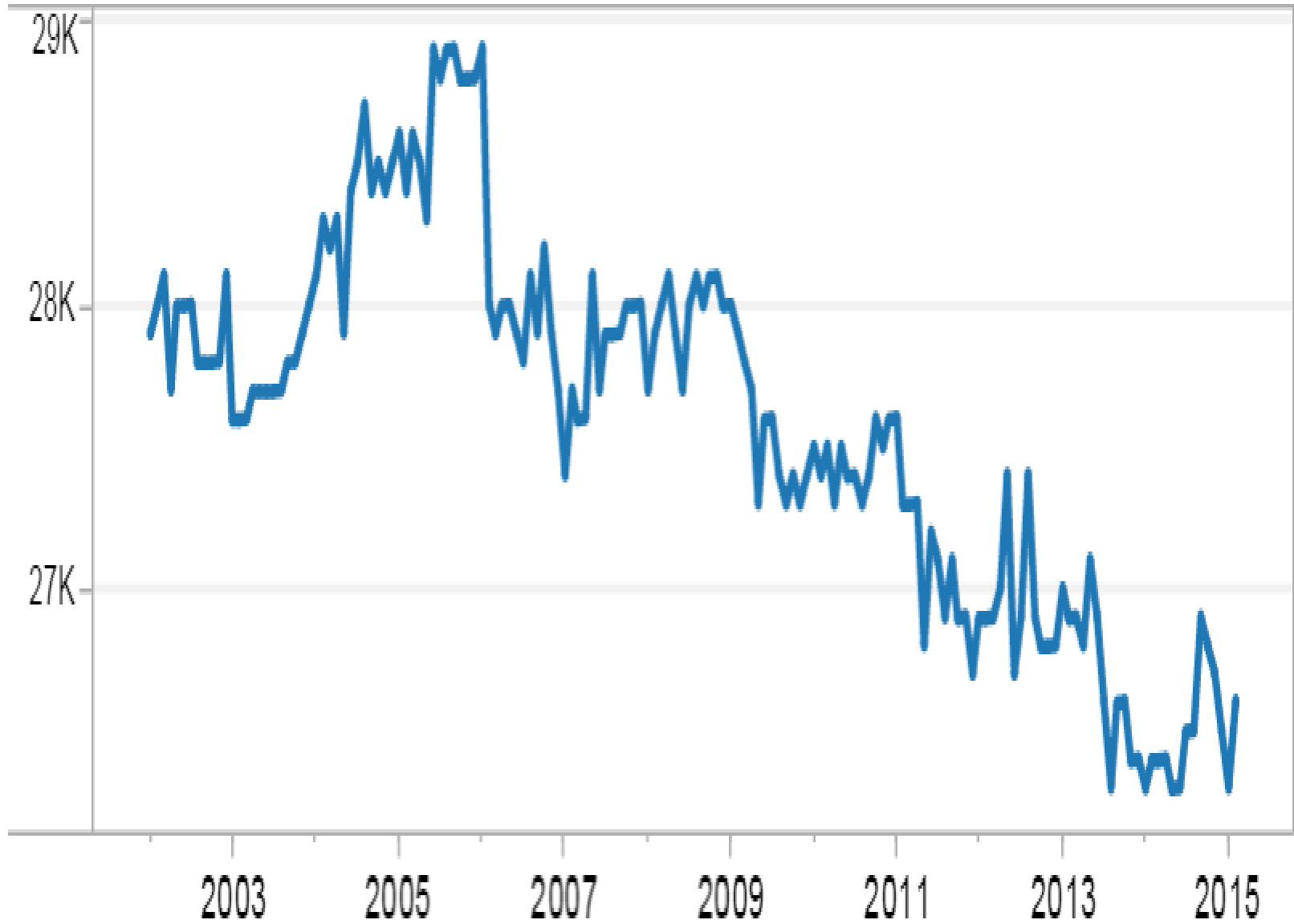
Leisure and Hospitality



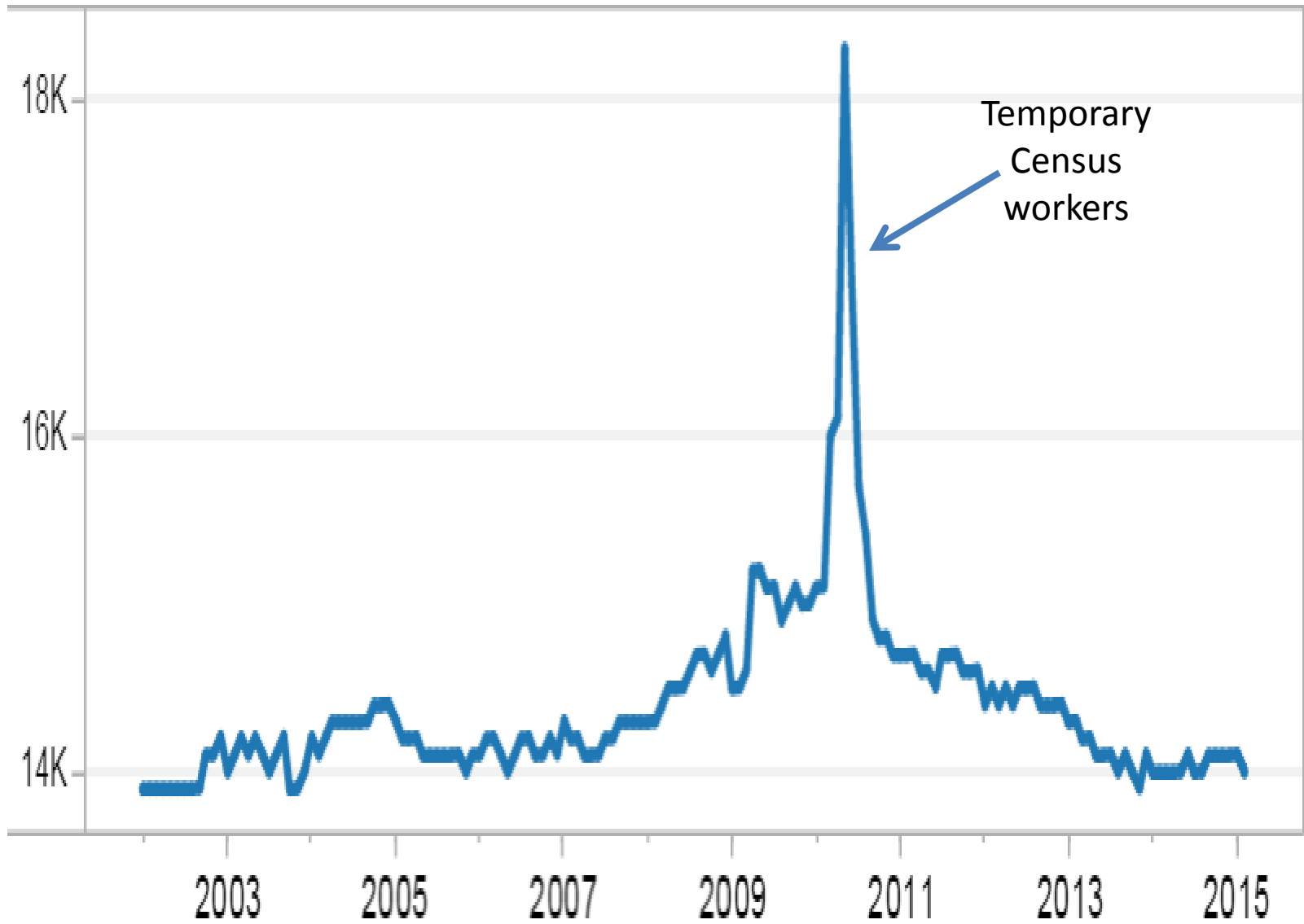
Local Government



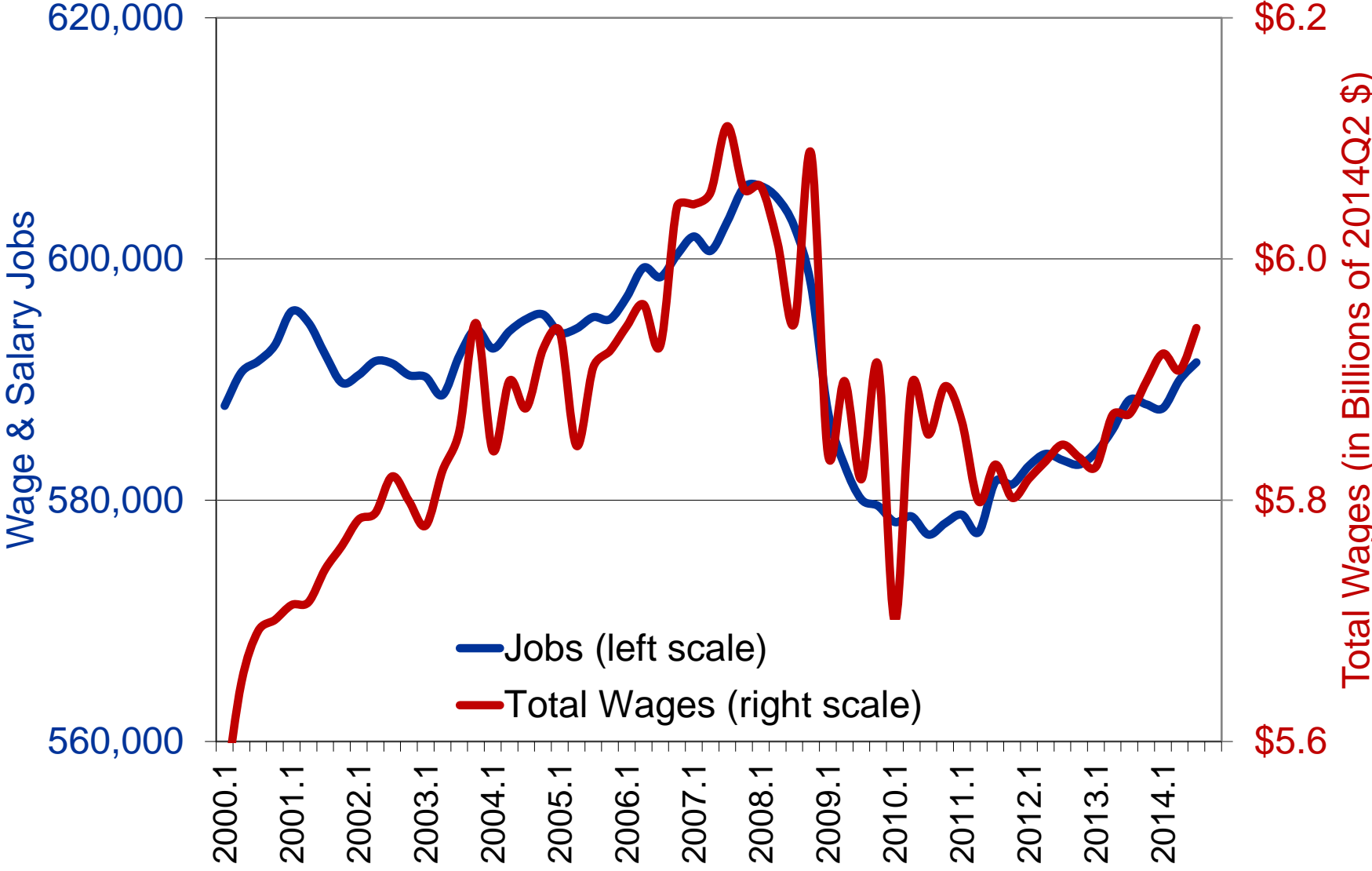
State Government



Federal Government

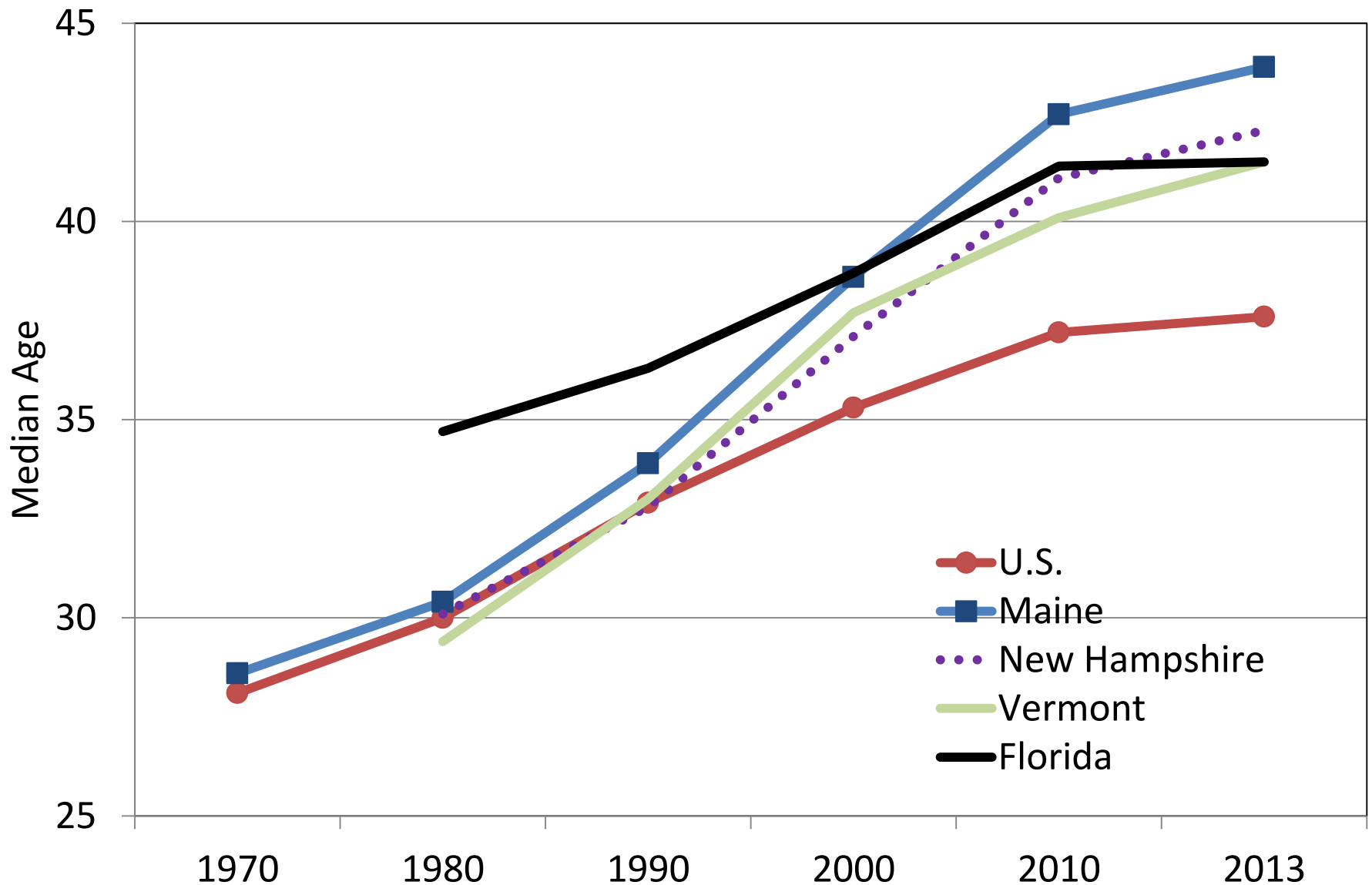


Real total wages paid continue to rise about the same rate as jobs *(adjusted for inflation)*

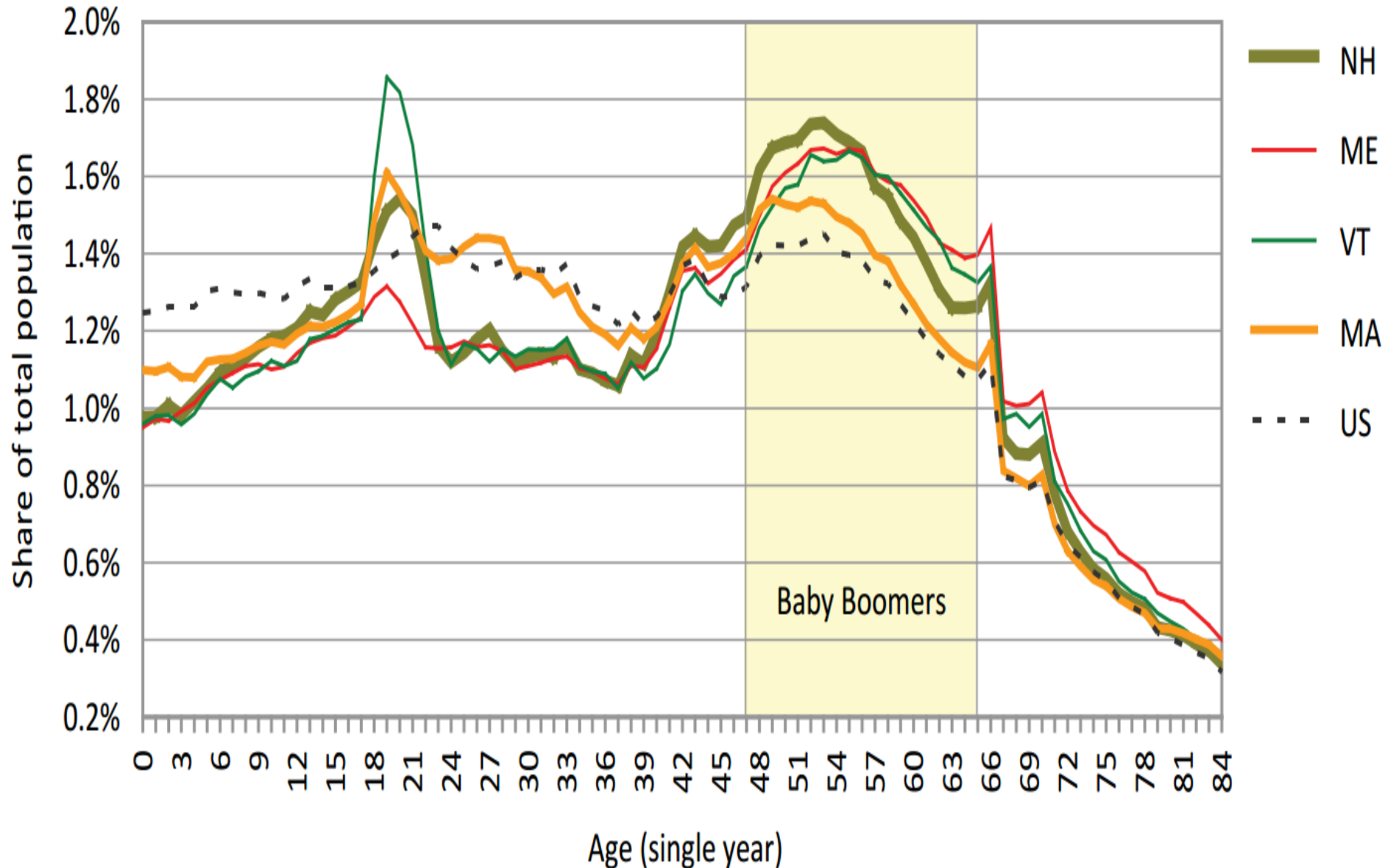


Forecast Considerations

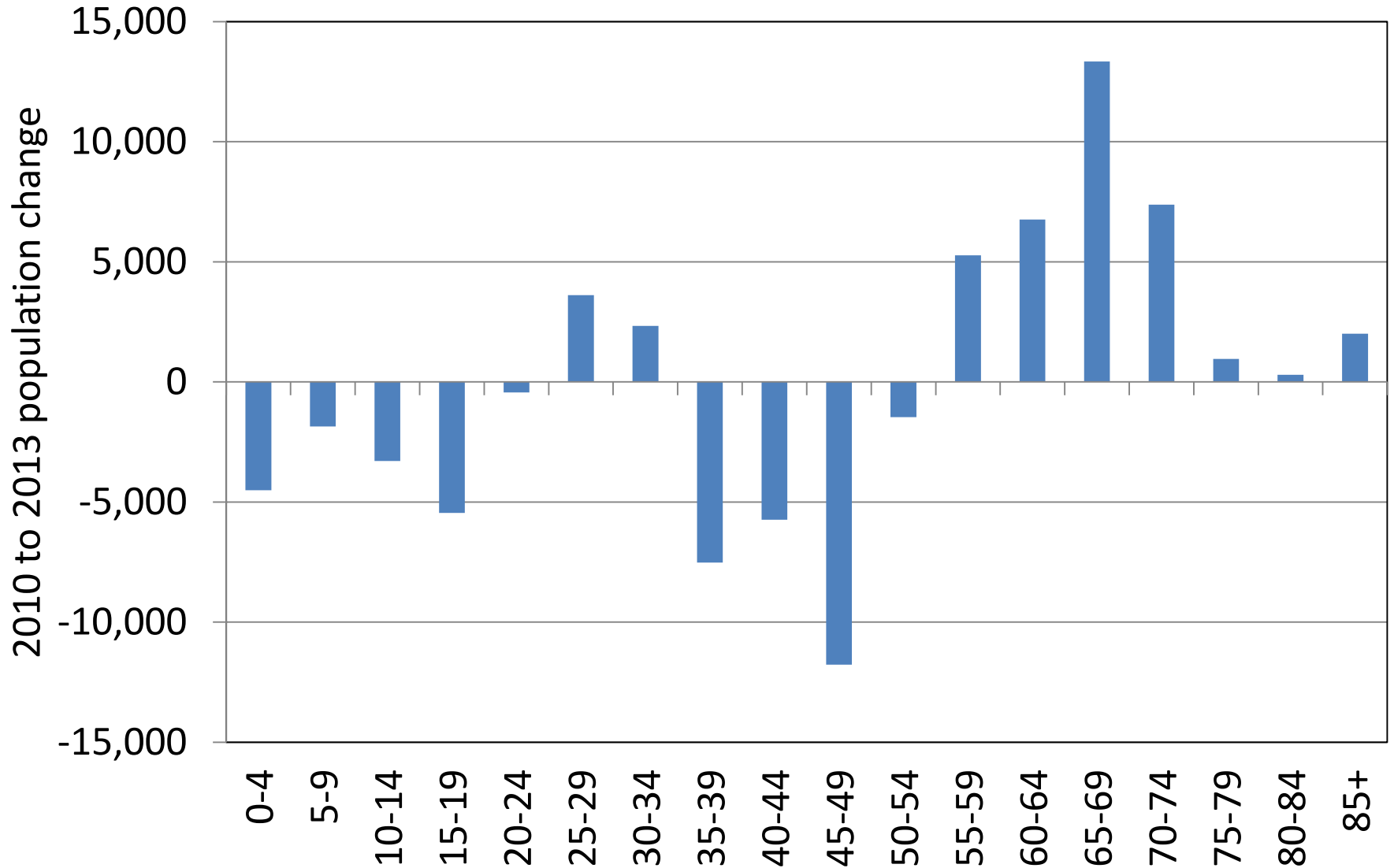
The median age in Maine increased more than any other state since 1980 to the highest in the nation.



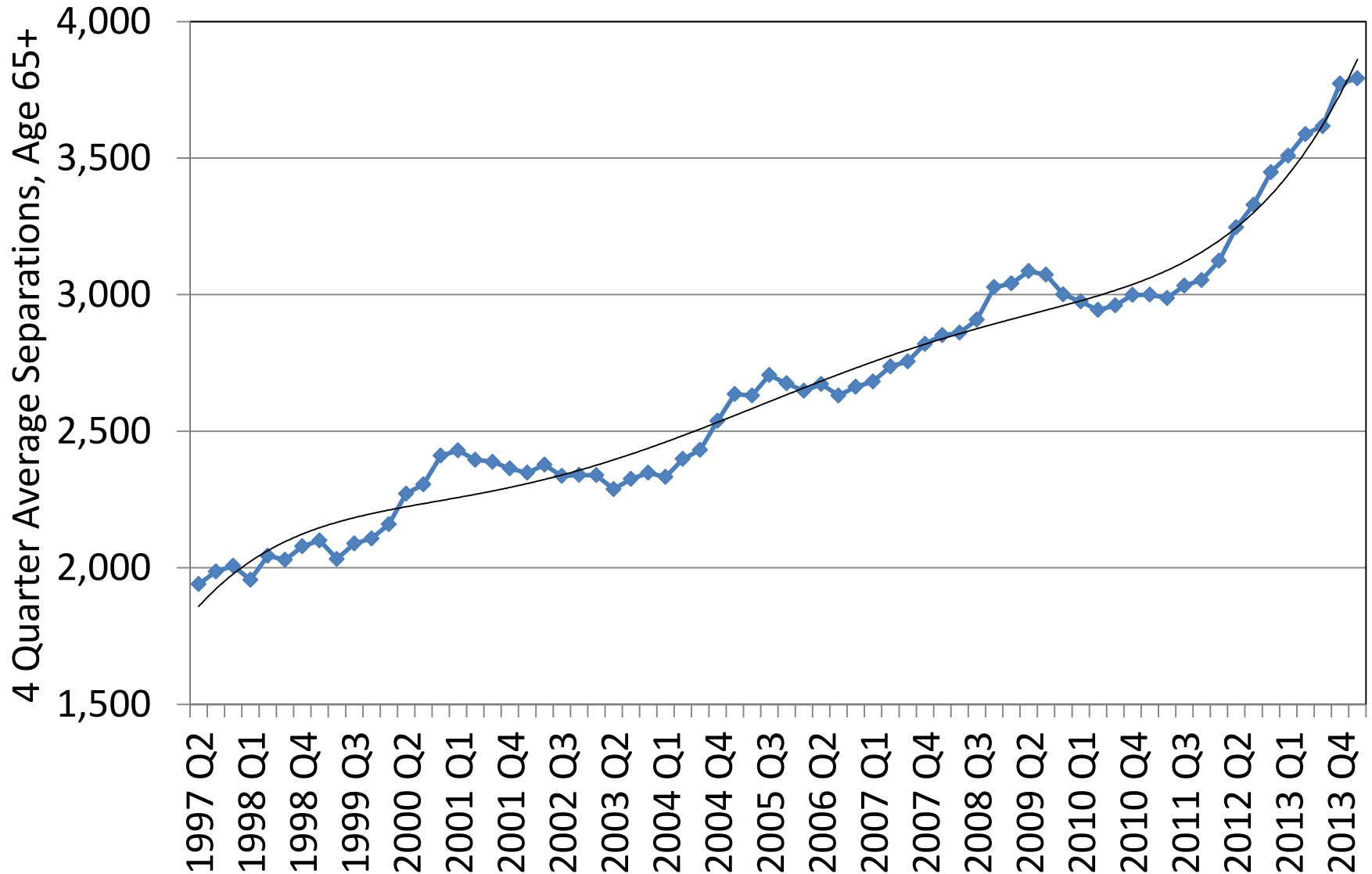
Not only does Maine have the highest share of population in their 60s, we also have the lowest share under 25



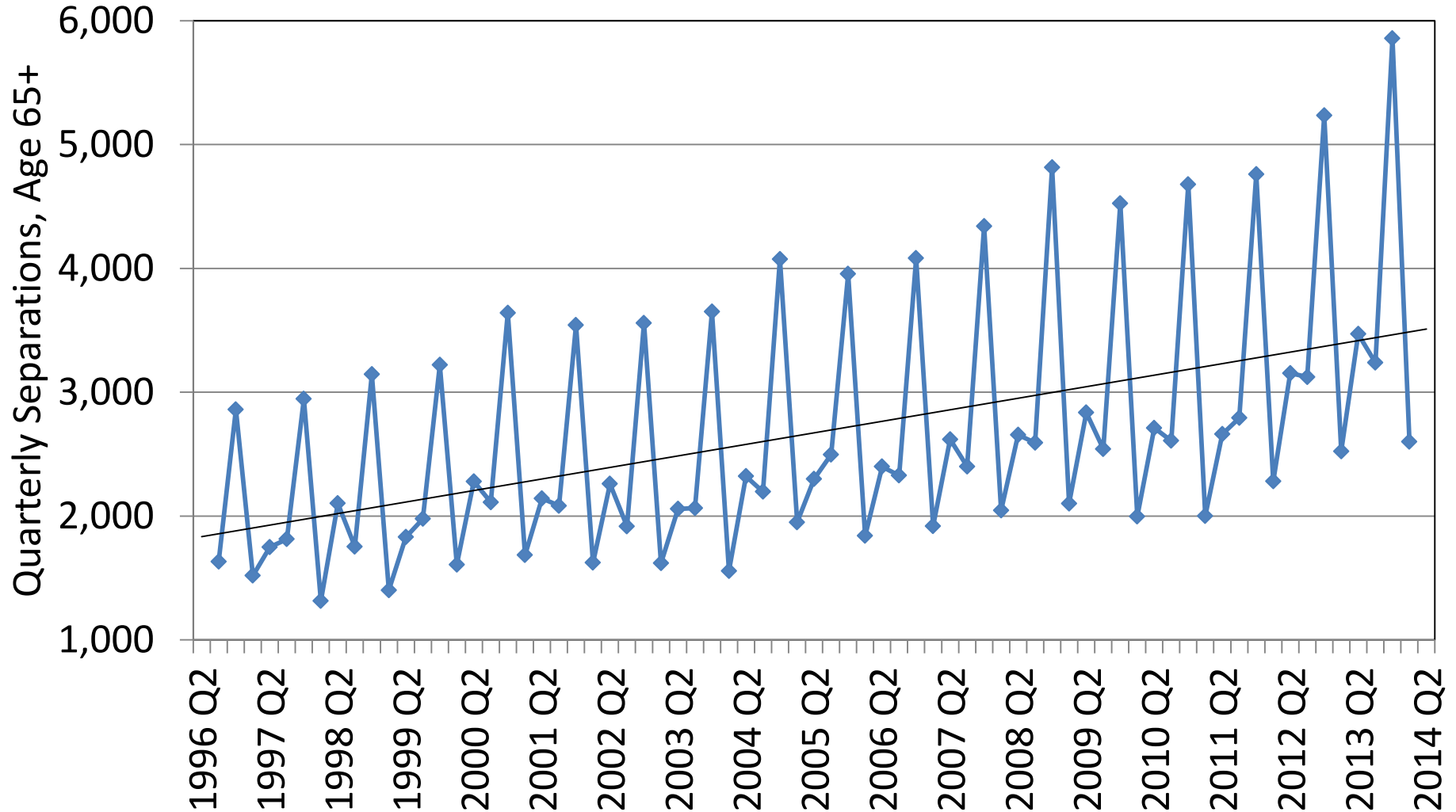
Thousands in their 60s and 70s have or soon will exit the workforce...fewer young people will enter



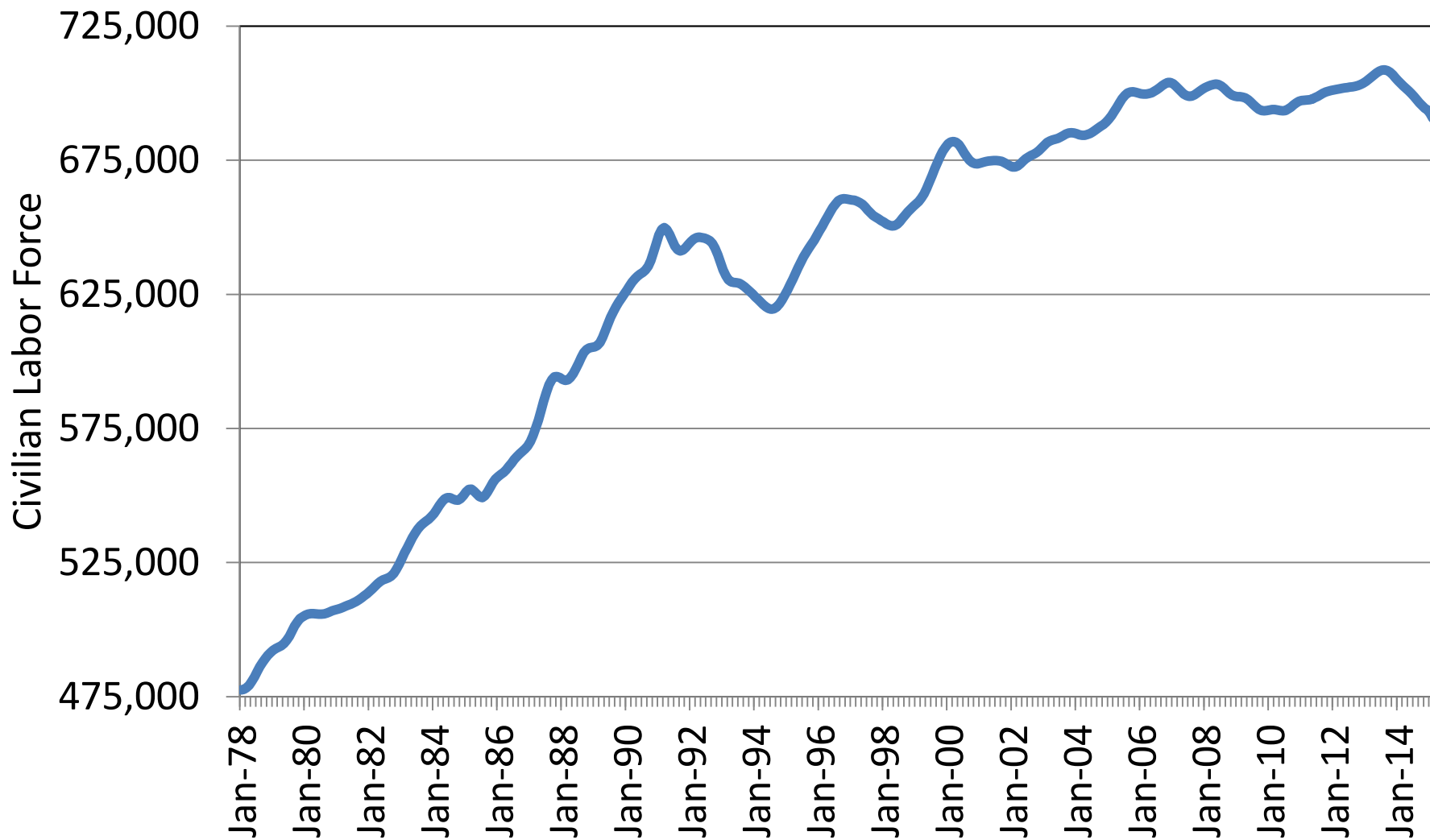
The rate of job separations of seniors increased after 2011, the year the oldest Baby Boomers turned 65



...And became even more seasonal. This may indicate more seniors are taking part-time, seasonal jobs rather than working year-round.

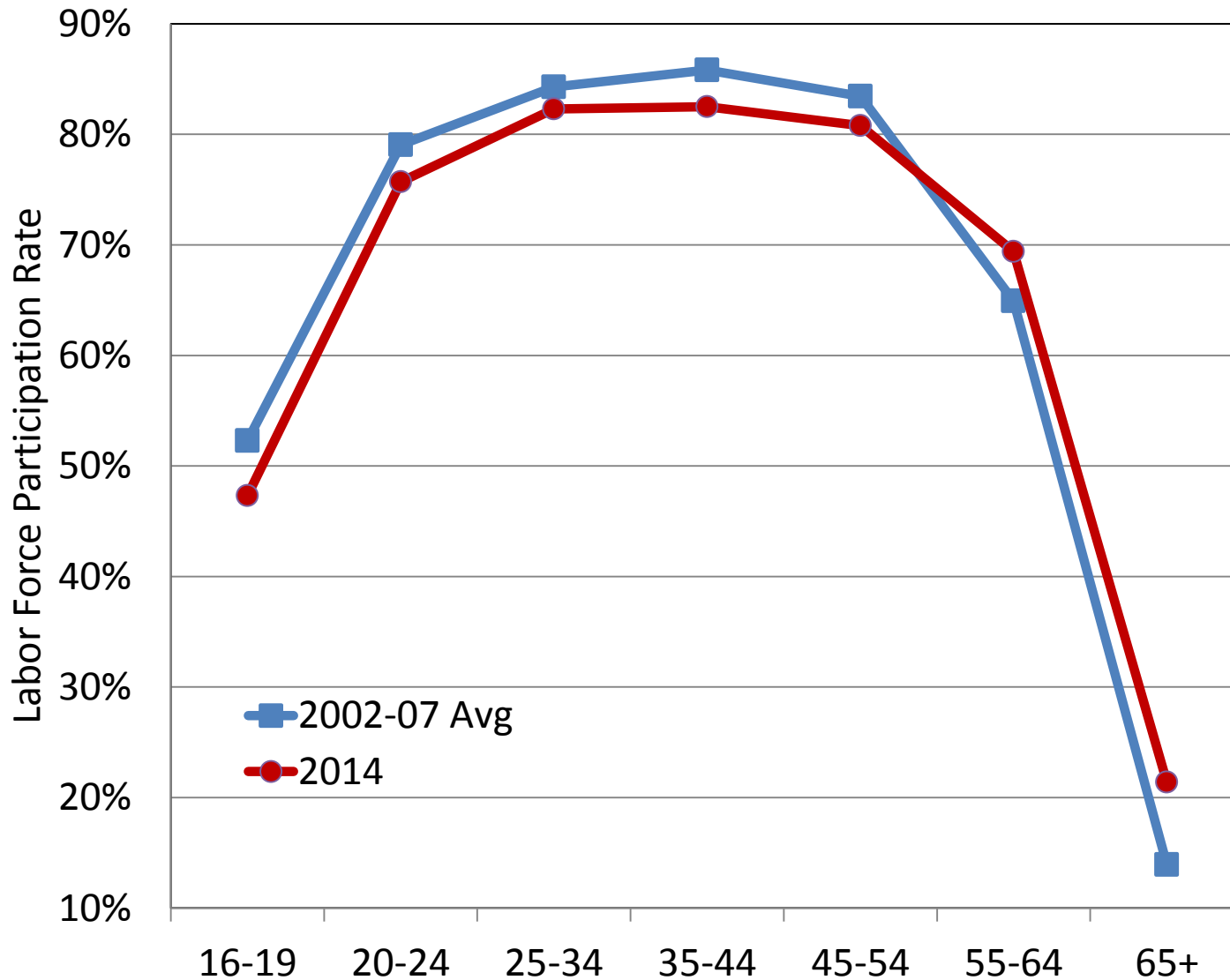


The rapid growth in the 1970s and 80s was primarily due to Baby Boomers entering the labor force. The decline since the middle of 2013 is the early stages of their exit.



At 5.0% of the labor force, we currently have 34,400 unemployed. If the rate declined to a very low 4% there would be fewer than 28,000 unemployed. The question is, will a gain of 6,000+ jobs from lower unemployment and several thousand more from higher labor force participation of younger people be enough to offset labor force exits due to retirement? If so, by how much? For how long?

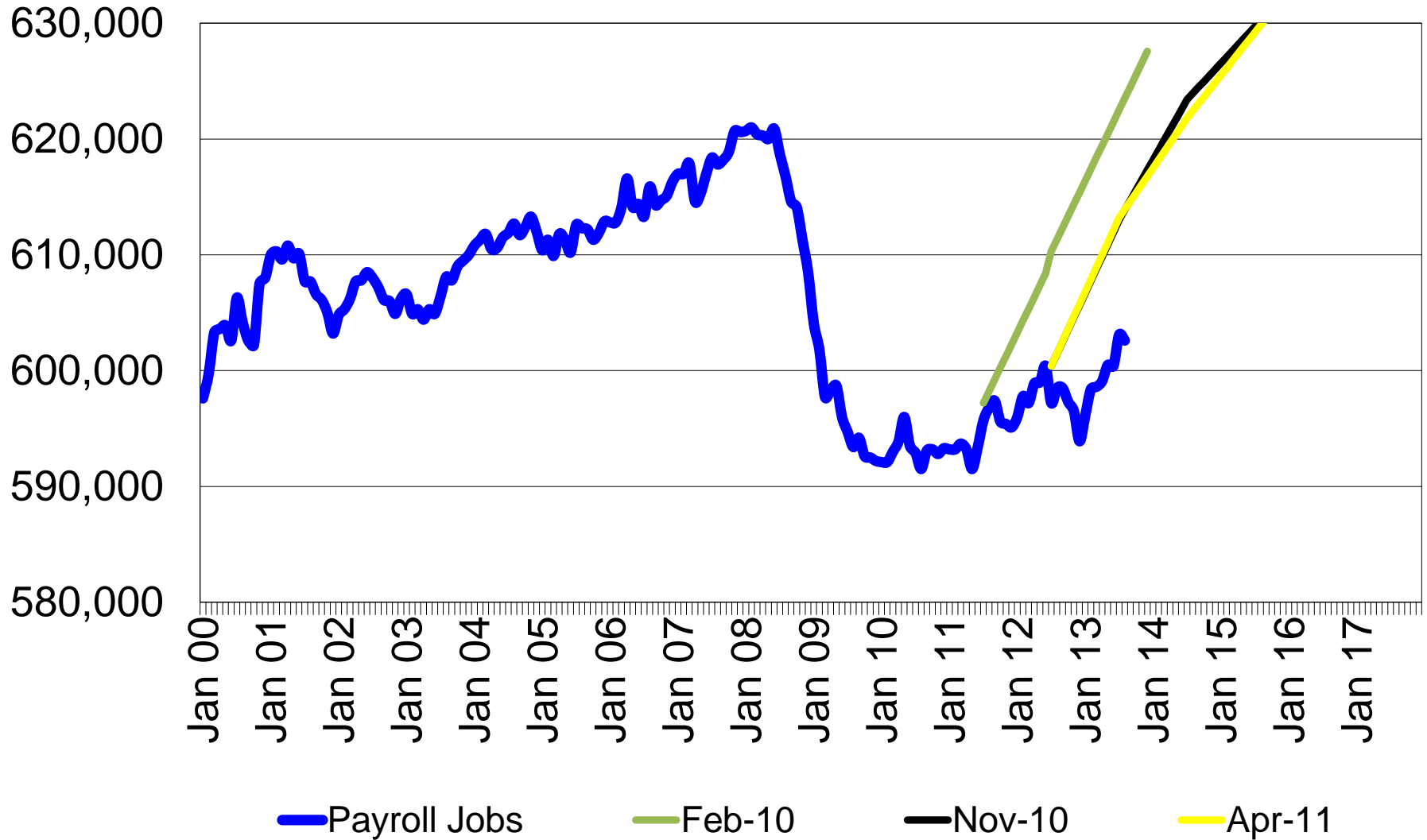
Labor force participation remains below the pre-recession average in age groups under 55



If the population were unchanged in each age group and participation returned to 2002 to 2007 average for those under 55, the labor force would increase 18,000. But the 16 to 54 population is projected to decline more than 6,500 per year through 2022.

Forecast

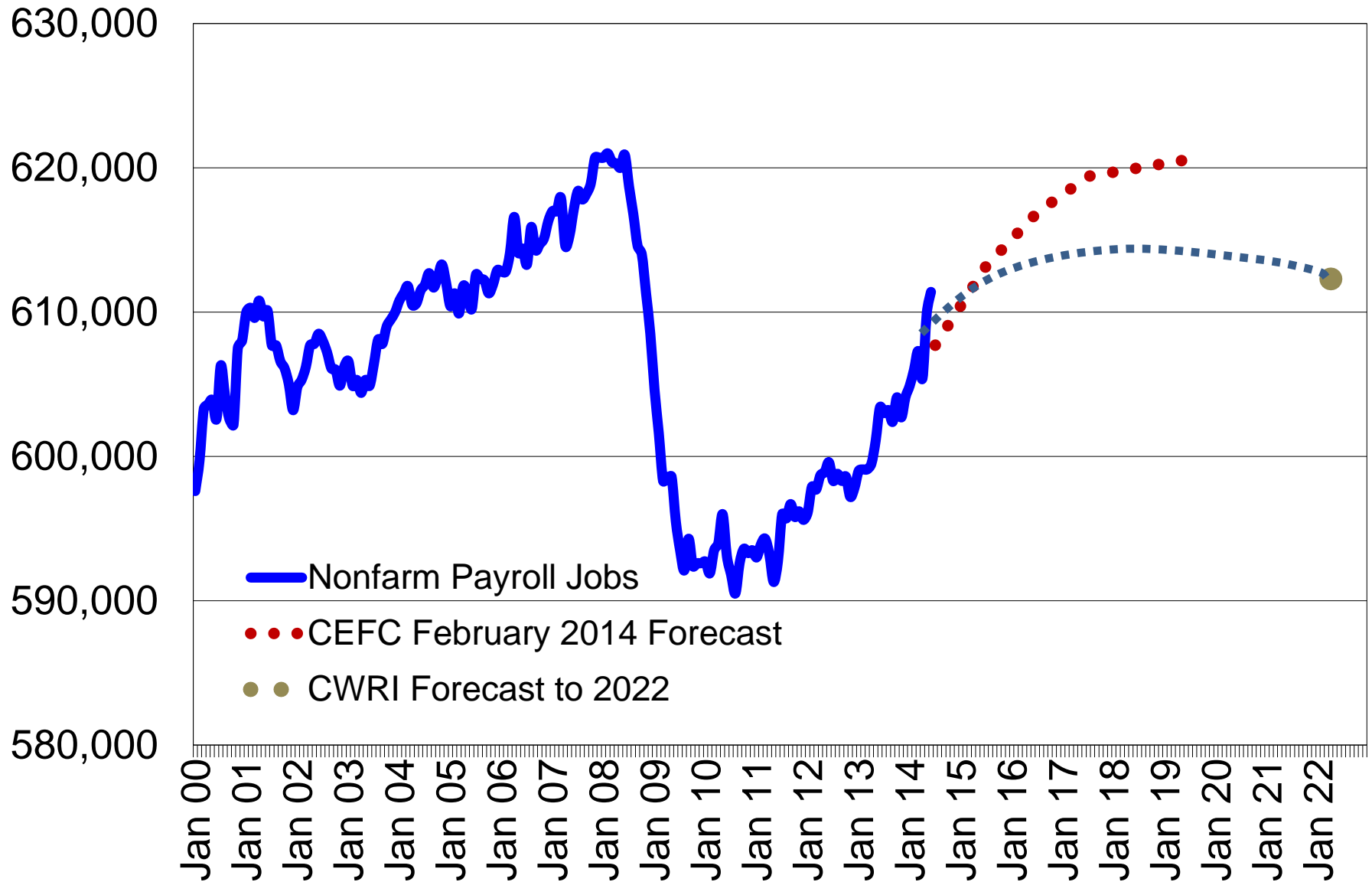
CEFC forecasts in 2010 and early 2011 expected a return to pre-recession job levels by 2013 or 2014...



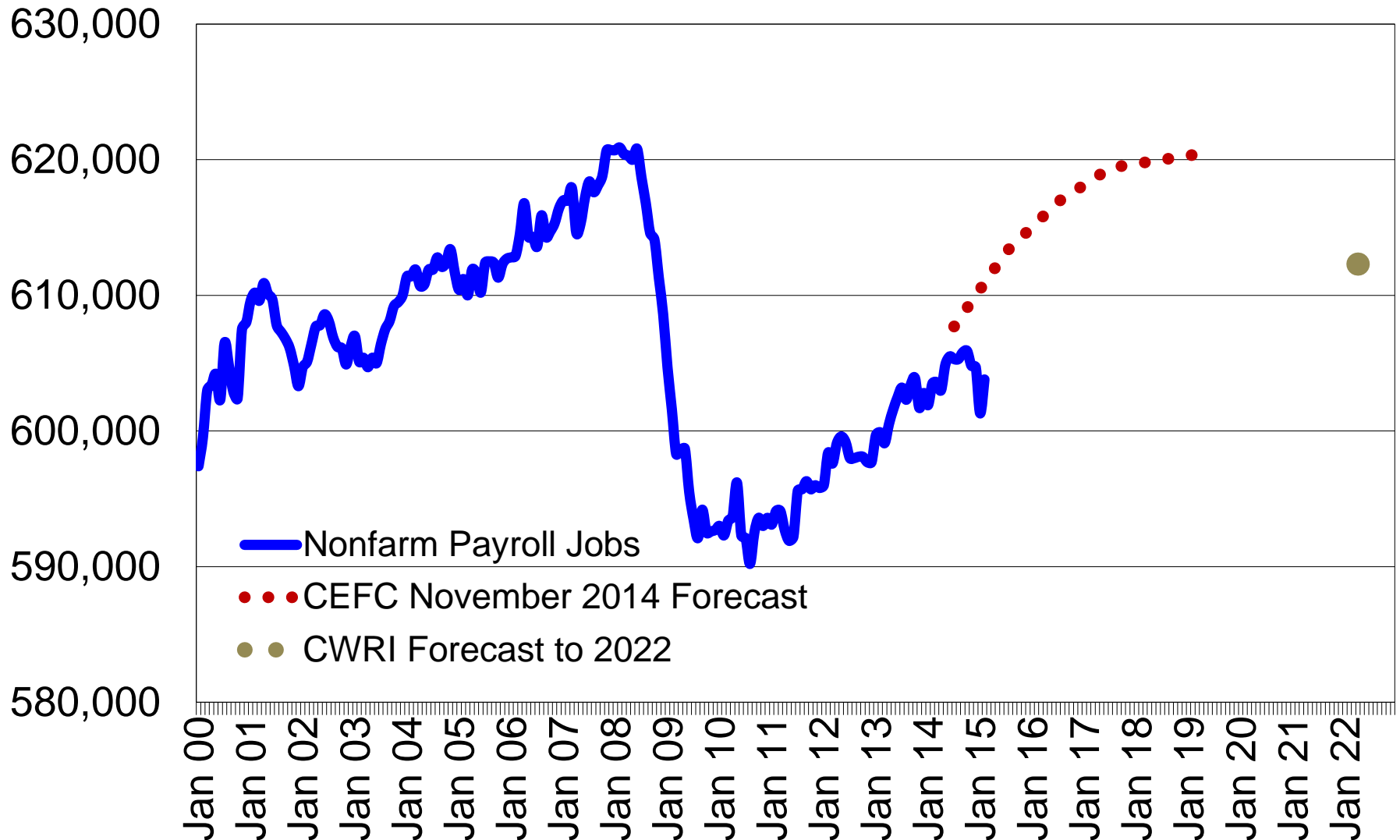
...Forecasts became more moderate over time



Last summer job growth appeared to exceed the forecast...

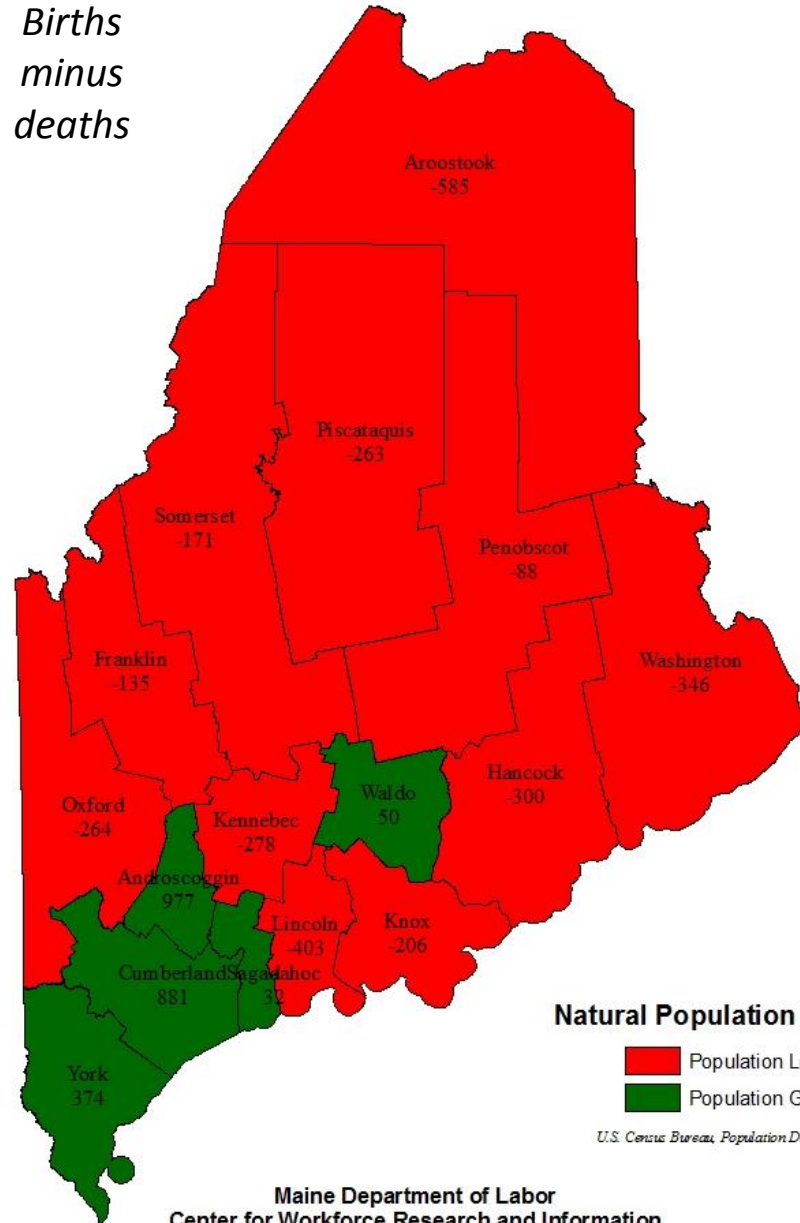


...Since then revisions show a marked slowing. CWRI believes thousands aging out of the workforce will constrain growth to just a few thousand the next few years.



Natural Population Change 2010-2013

*Births
minus
deaths*



Natural Population Change

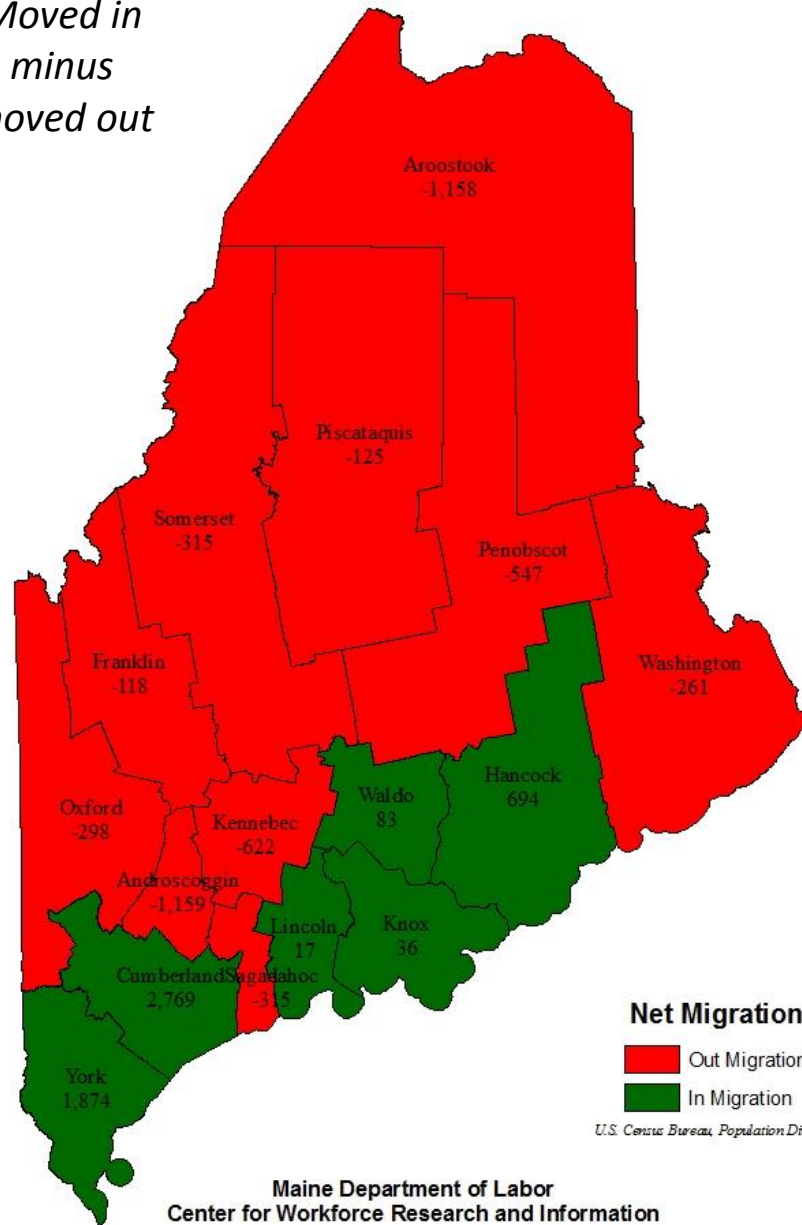
- Population Loss
- Population Gain

U.S. Census Bureau, Population Division

Maine Department of Labor
Center for Workforce Research and Information

Net Migration 2010-2013

Moved in
minus
moved out

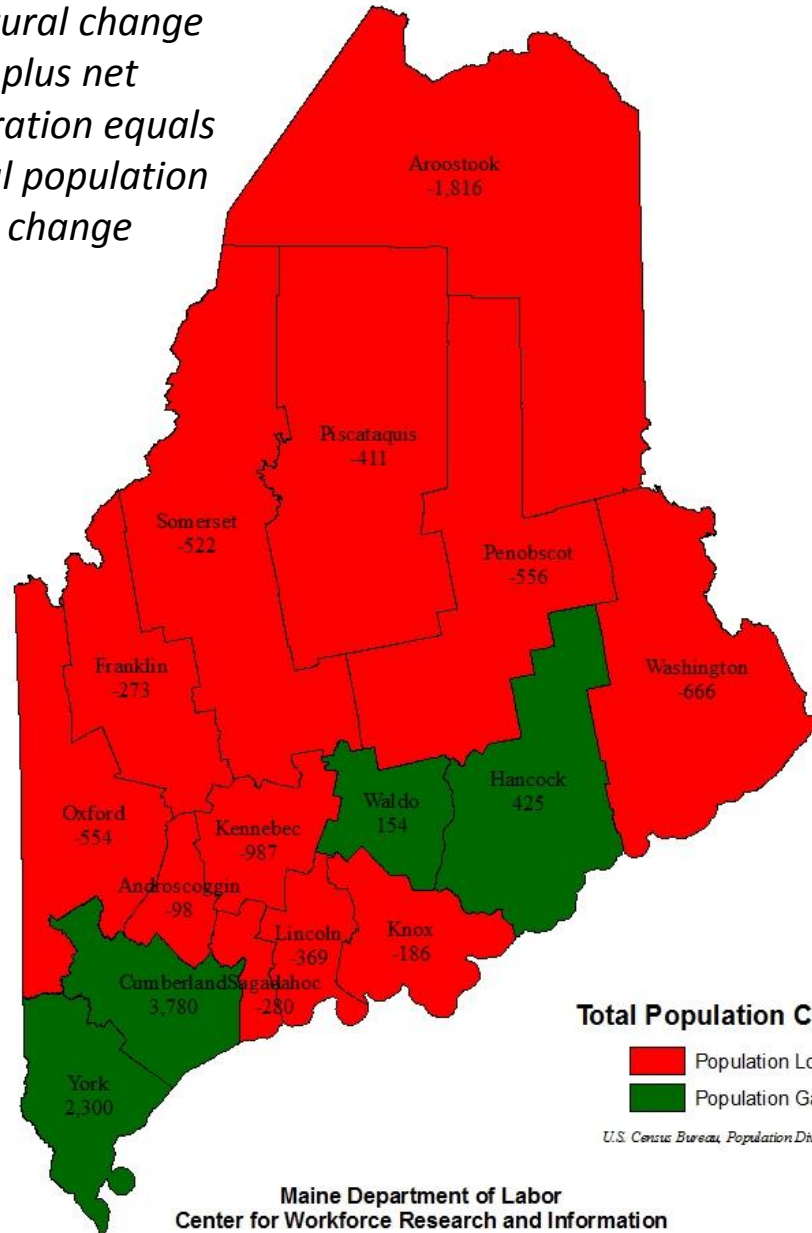


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Total Population Change 2010-2013

*Natural change
plus net
migration equals
total population
change*



Total Population Change

- Population Loss
- Population Gain

U.S. Census Bureau, Population Division

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