

Demographic and workforce changes in Maine

Introduction

Changes in the age structure of the population resulted in a rising share age 16 and over not in the labor force in the 2000's.

The first section of this report documents population, jobs, and labor force participation trends.

The second identifies reasons for and characteristics of people not in the labor force. The overwhelming majority are:

- 1) Retired (more than half)
- 2) Enrolled in school
- 3) Identify health or disability reasons
- 4) Identify home responsibilities reasons

The shifting age structure of the population explains overall trends in the workforce.

Population, Jobs and Labor Force Participation

Job and population data are presented in percent change terms relative to 2003.

Labor force participation rates measure the share of a group employed or seeking employment. Those not employed or seeking employment are not in the labor force. Two sources of information are used to document labor force participation rates by age group: the Current Population Survey (2003-2023) and American Community Survey (ACS, 2005-2023 excluding 2020).

Because of the relatively small number of surveys collected within age groups, estimates from each survey fluctuate from year to year; those changes sometimes are not reflective of underlying changes in the labor market. For this reason, estimates from both surveys are presented together along with an average trend for the two combined. Longer trends are more indicative than year to year change.

(Due to disruptions in ACS data collection during the pandemic, 1-year estimates for 2020 were not published. Data pertaining to jobs and population by age come from the Census Bureau Quarterly Workforce Indicators and Population estimates programs.)

Under 35 Age Groups

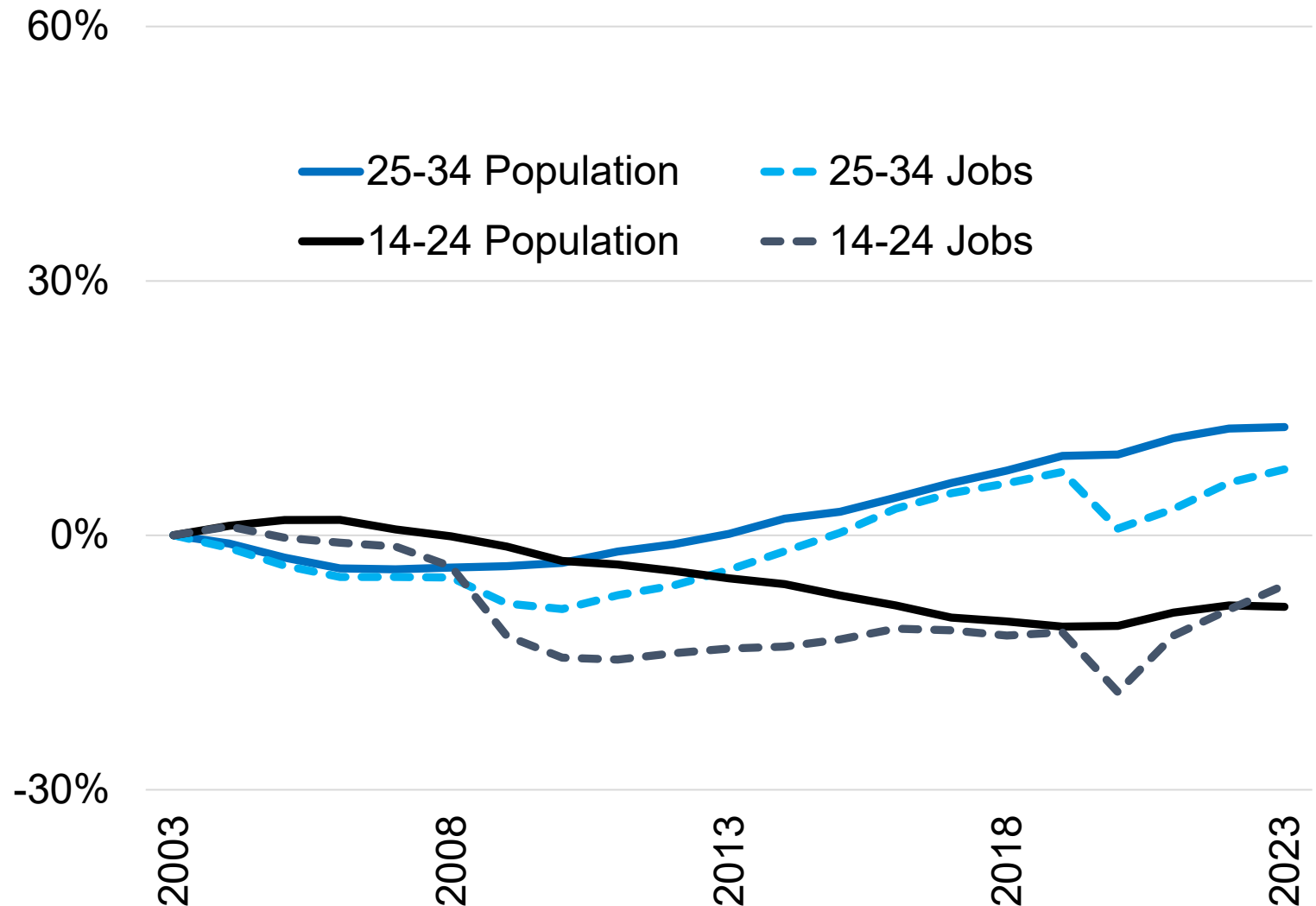
Job trends have closely followed population change for groups under 35

Among all ages, 25-34 is the only group under 55 that was larger in 2023 than two decades before. This is from a generational echo – the uptick in births in the 1980s and 1990s when baby boomers (born 1946 to 1964) were in their high fertility years.

Jobs held by those under 35 closely followed the trend in population, except for slumps resulting from recessions beginning in 2008 and 2020.

Youth employment is the most impacted by recessions when hiring slows and they are more likely to enroll in a post-secondary educational program.

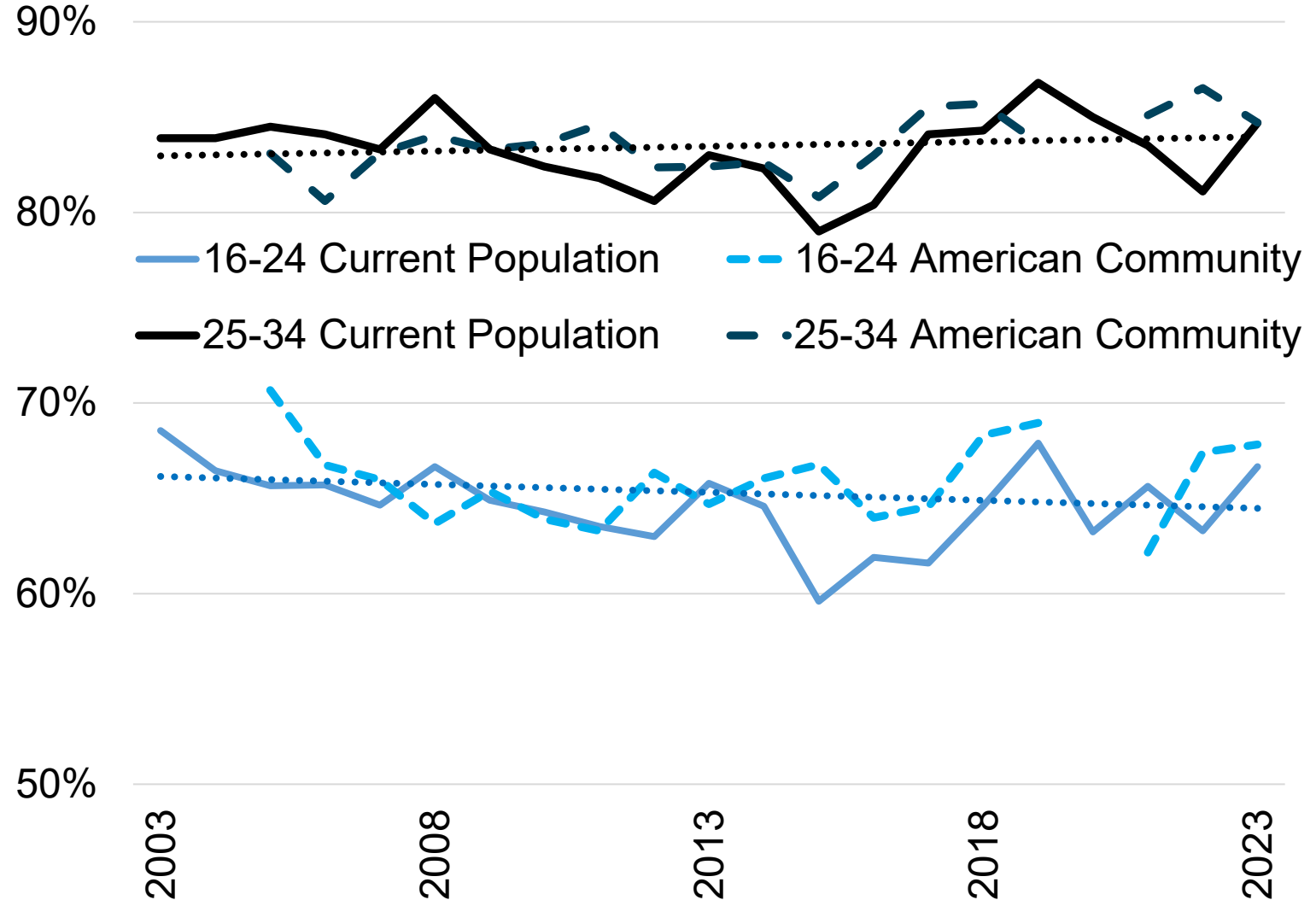
Population and Job Change
(Age 14-34 groups)



Labor force participation for these groups has changed little

For the 25-34 group, participation averaged close to 84 percent, little changed in two decades. For those 16-24, participation averaged 65 percent, slightly decreasing in that period. Compared to the U.S., rates for those 16-24 were 10 points higher in Maine in 2023.

Labor Force Participation Rates (Age 16-34 groups)

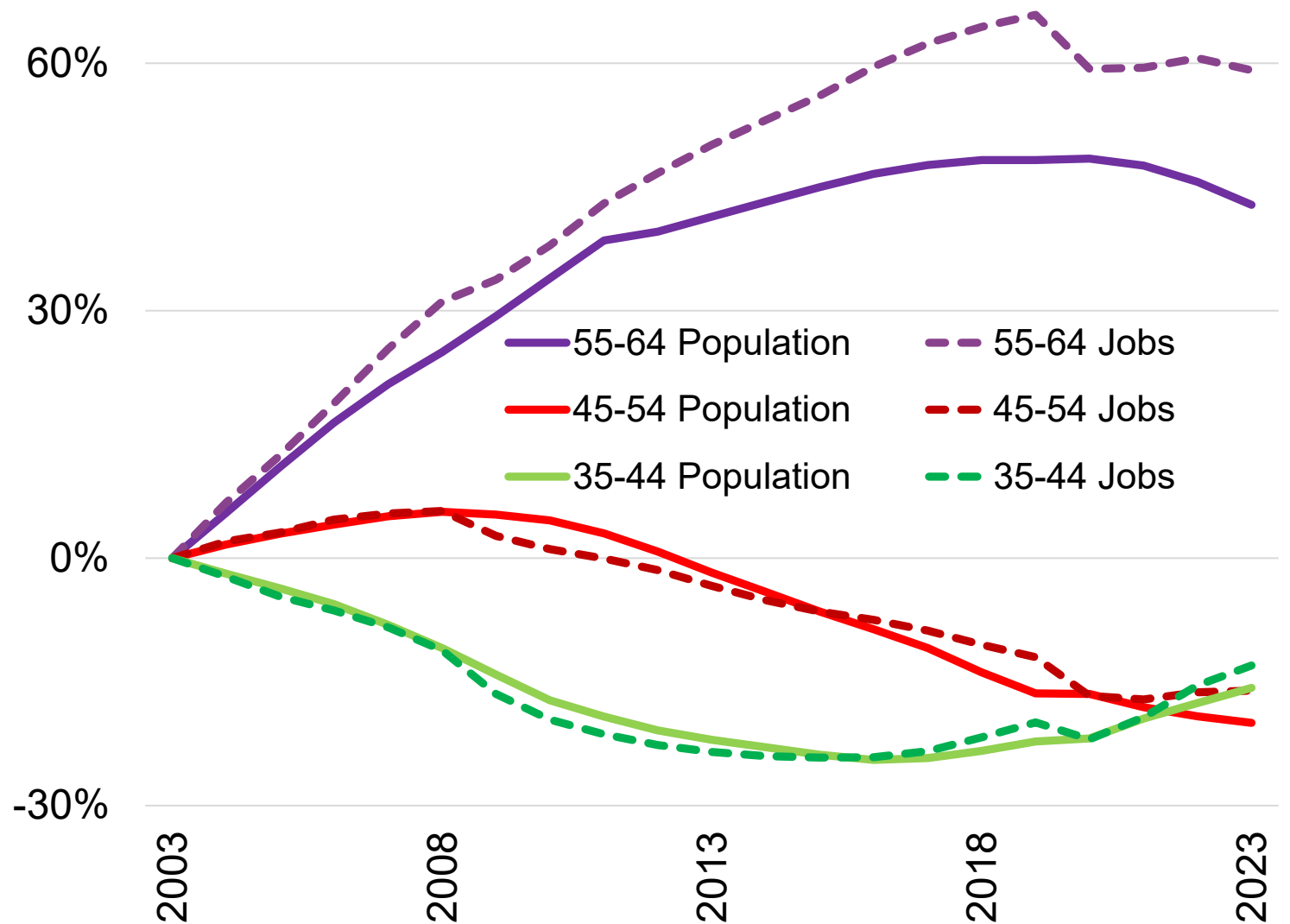


35-64 Age Groups

Job trends mostly followed population change for groups 35-64

The population 35-54 decreased 18 percent; jobs held decreased at a similar rate. The population 55-64 increased 43 percent; jobs held increased 60 percent. The sharper increase in jobs than population was from modestly increased labor force participation.

Population and Job Change
(Age 35-64 groups)

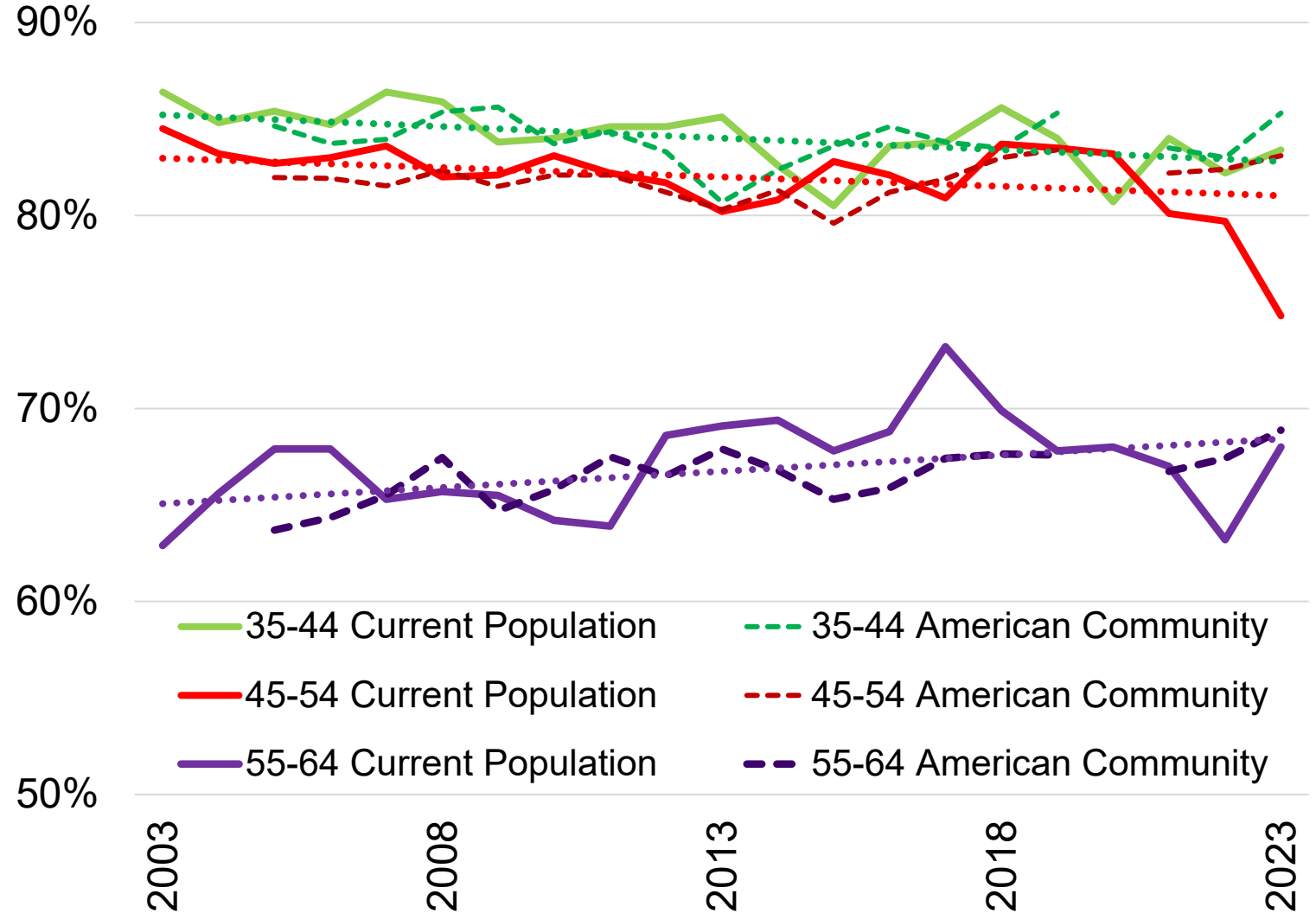


Labor force participation for these groups also has changed little

Labor force participation averaged 84 percent for those 35-44 and 82 percent for those 45-54. These rates have not changed much. For those 55-64 it averages 68 percent, a slight increase in the two decades.

Note: The variability from year to year primarily is related to the small size of the two survey samples. The trend over many years is more indicative of labor market change than movements from one year to the next.

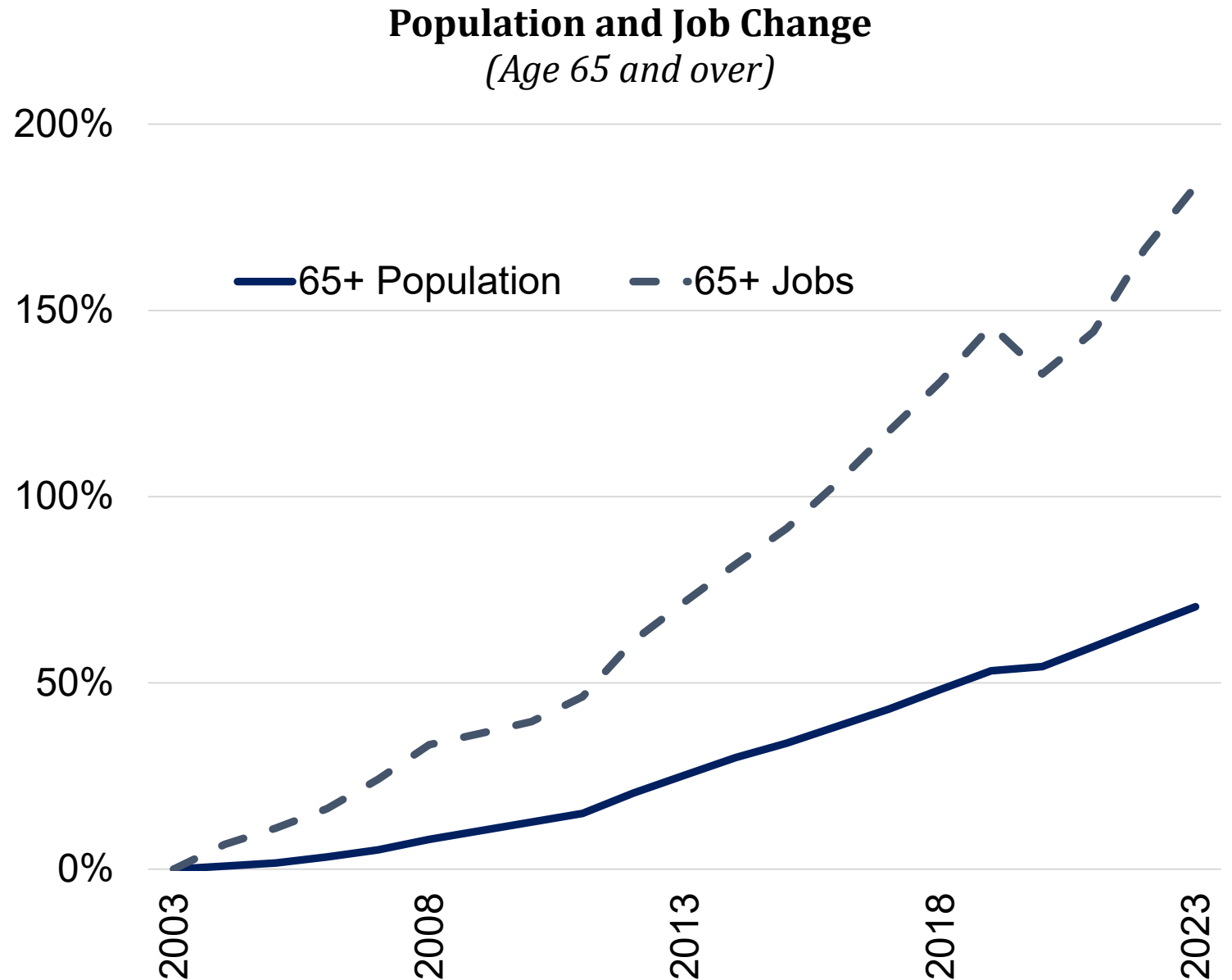
Labor Force Participation Rates (Age 35-64 groups)



Age 65 and above

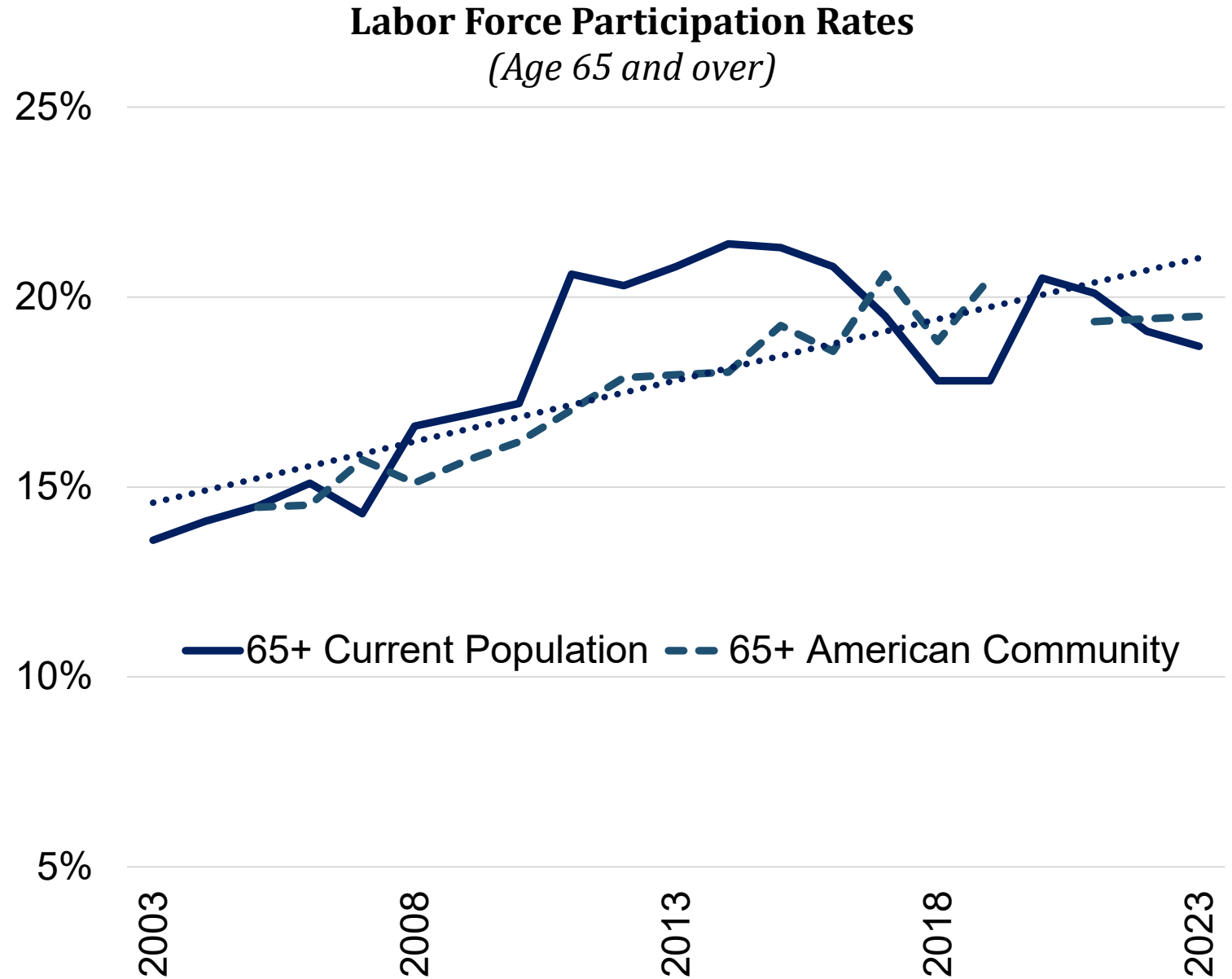
Job gains sharply exceeded population change among those age 65 and over

The 65 and over population increased 70 percent; jobs held increased 183 percent. This pattern is from the advancing age of the large baby boom generation, mostly in their 60s and early 70s in 2023. Labor force participation of people in the upper 60s and early 70s is much higher than for those that are older and the share on the younger end of the 65+ spectrum increased with entry of those boomers.



Labor force participation rates of older people increased

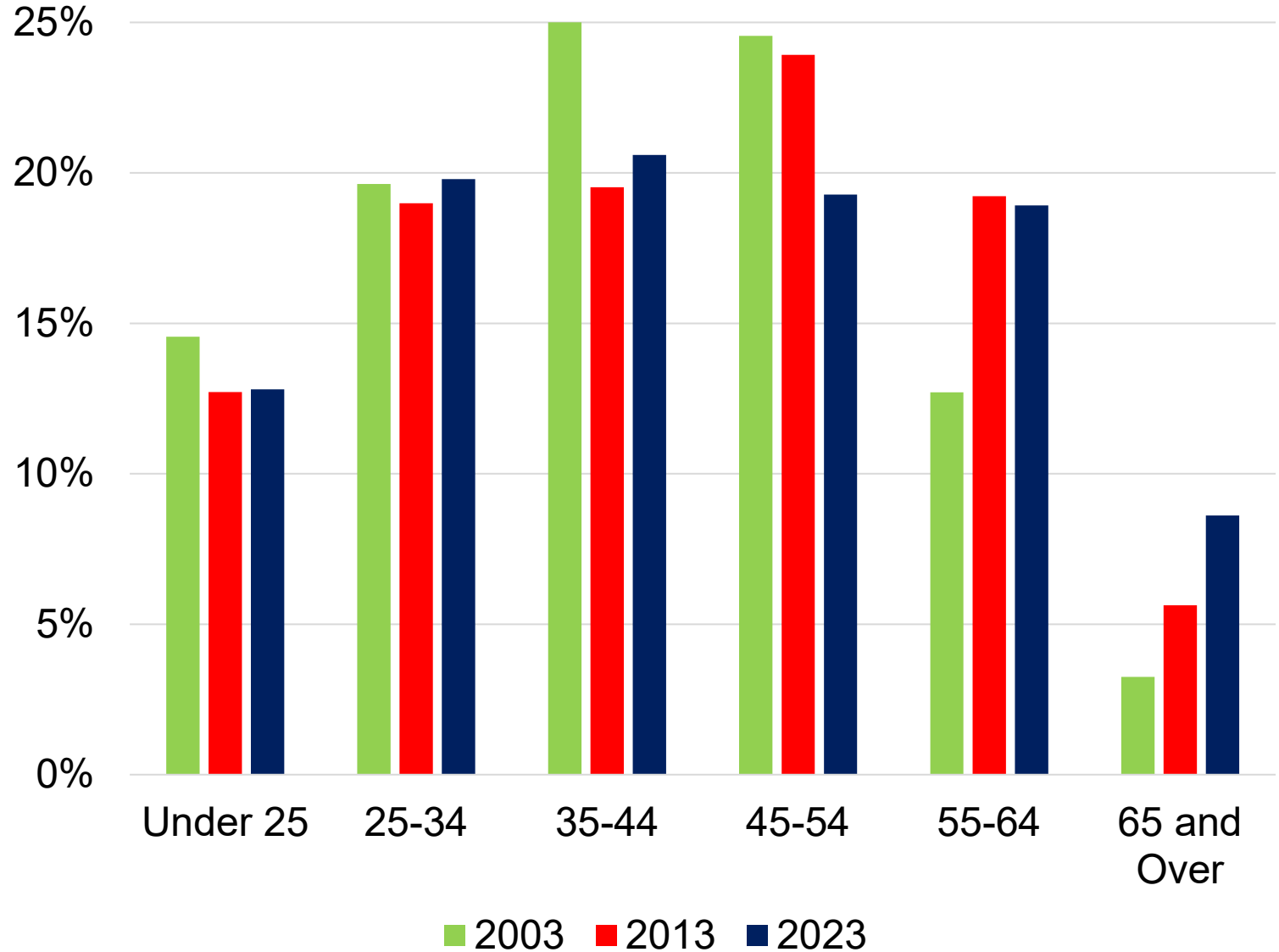
Among those 65+, labor force participation increased five percentage points in two decades. This is from the compositional change with the increased share in their late 60s and early 70s relative to those 75+ than 20 years ago.



The distribution of jobs by age has shifted

A result of these patterns is that the share of jobs held by people 55 and over increased from 16 to 28 percent and the share held by those 35-54 decreased from 50 to 40 percent.

Share of Job Holders by Age Group



Characteristics of those not in the labor force

Four factors explain why many are not in the labor force

Those are:

- retirement (mostly those age 55 and over)
- health and disability
- school attendance (mostly those ages 16-24)
- home responsibilities (such as providing care)

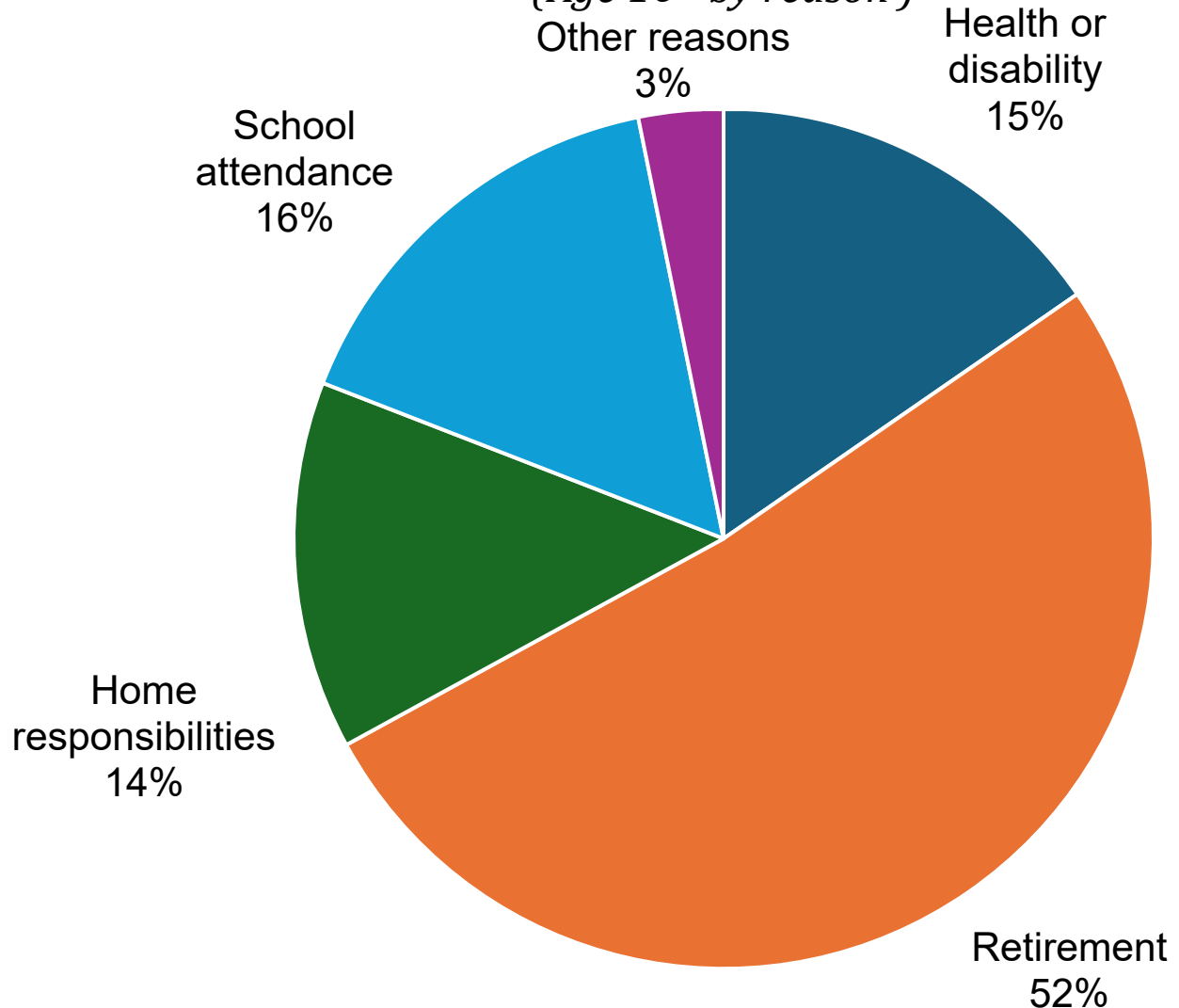
In the 2000s three fourths of the age 16+ population increase of people not in the labor force [is because more are retired](#).

Age and health are closely related as disability incidence increases with age.

The pattern in Maine undoubtedly is similar, though a higher share are retired, and a lower share are in school, reflecting the older population.

U.S. share of Labor Force Nonparticipants

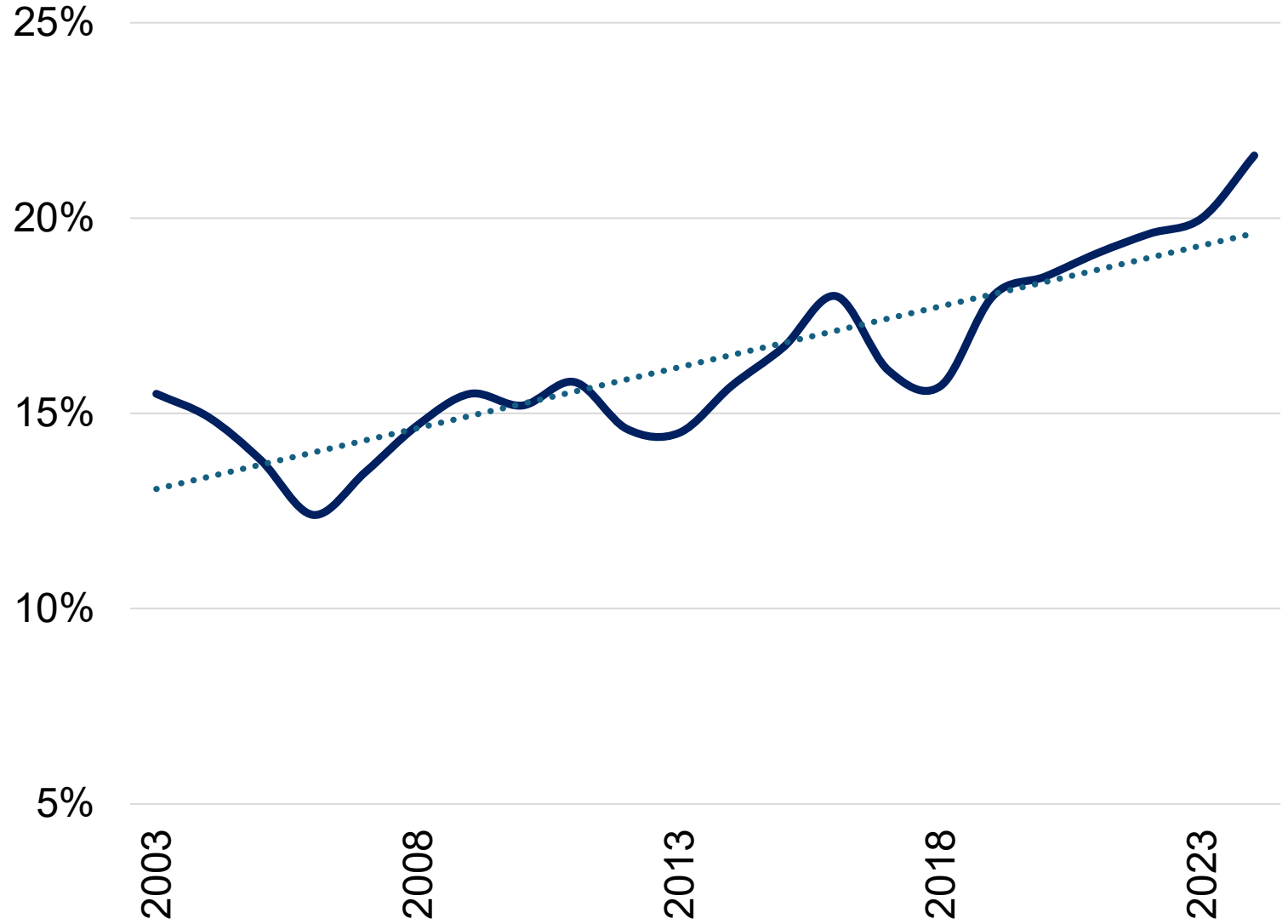
(Age 16+ by reason)



One out of five people age 16+ are retired

The share increased with the advance of the baby boom generation to retirement.

Retired, Not in Labor Force Share of Maine age 16+ population

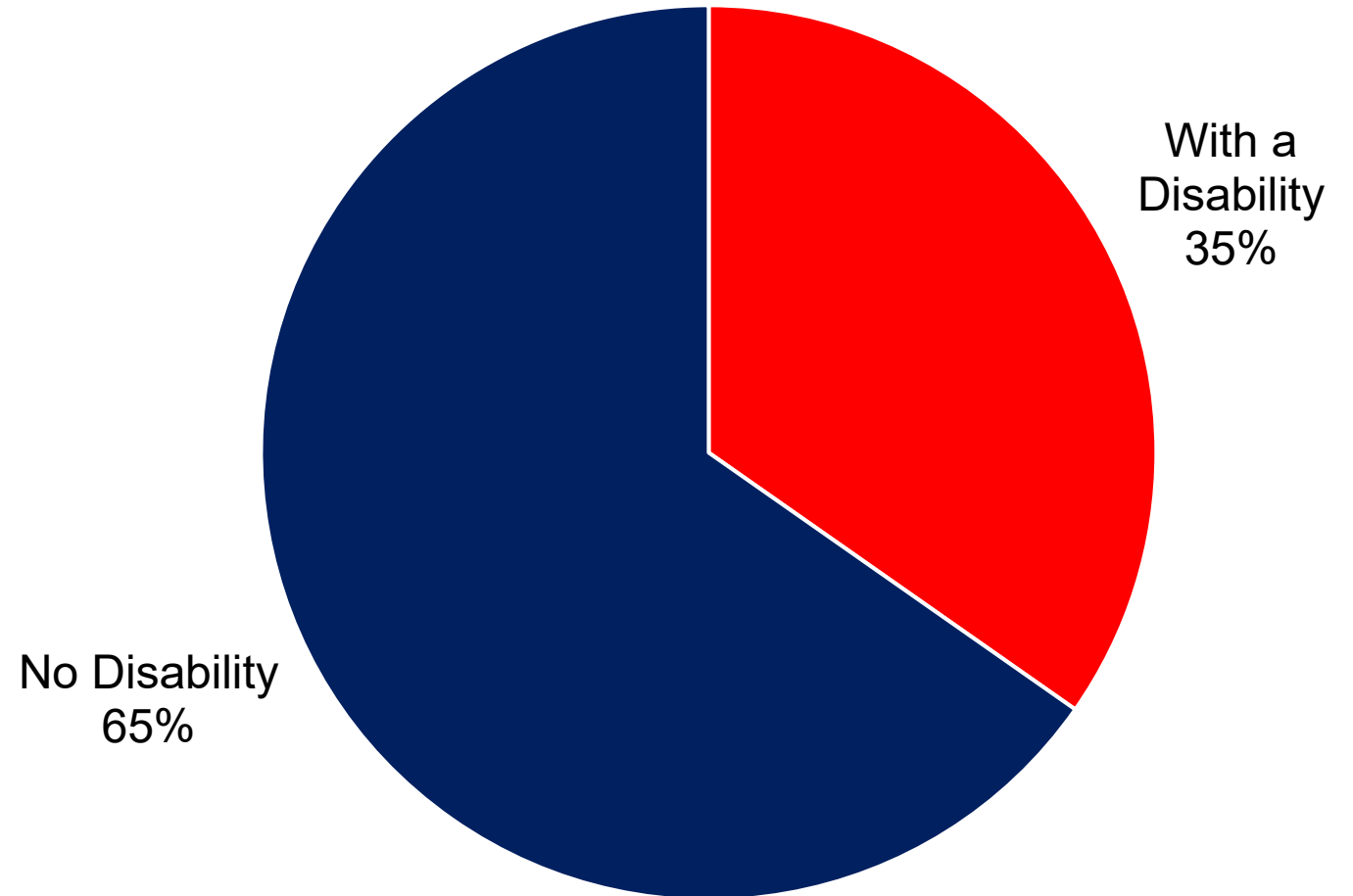


Disability is a significant factor in many working-age people not in the labor force

Close to one-third have a disability.

(Census American Community Survey, 2023 5-year estimates Table C18120)

Not in Labor Force by Disability Status *(Maine, Age 18-64)*

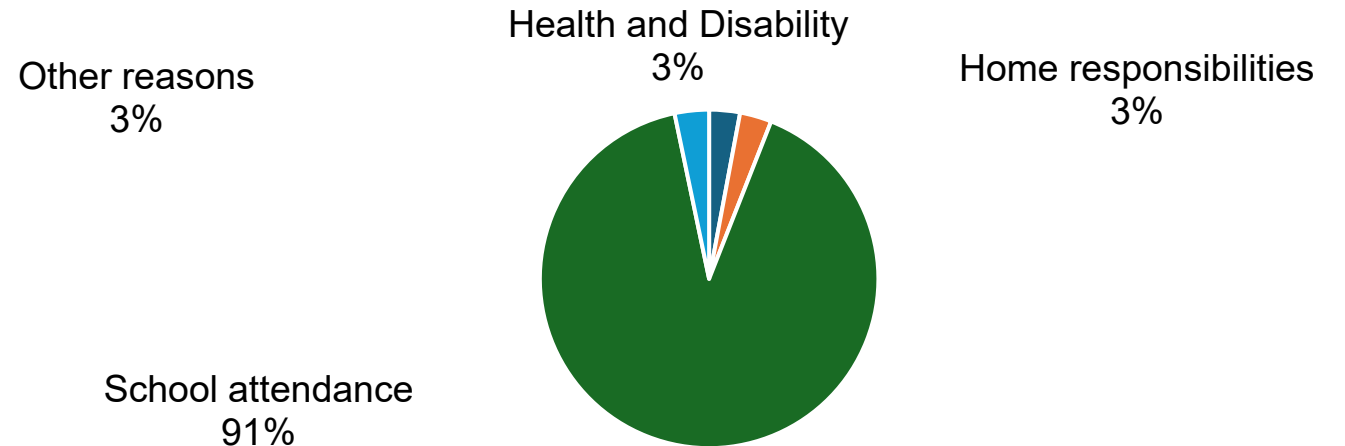


Most under age 25 not in the labor force are in school

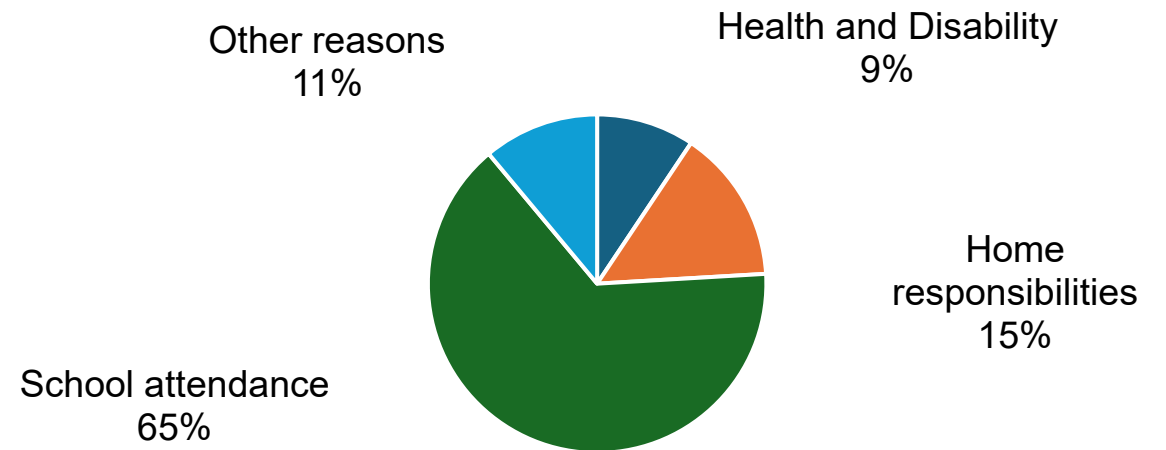
Incidence of home responsibilities and of health and disability is higher and school enrollment is lower for those in their early 20 than for teens.

(Bureau of Labor Statistics "Why did labor force nonparticipation increase from 1999-2022")

U.S. 16-19 Not in Labor Force by Reason



U.S. 20-24 Not in Labor Force by Reason

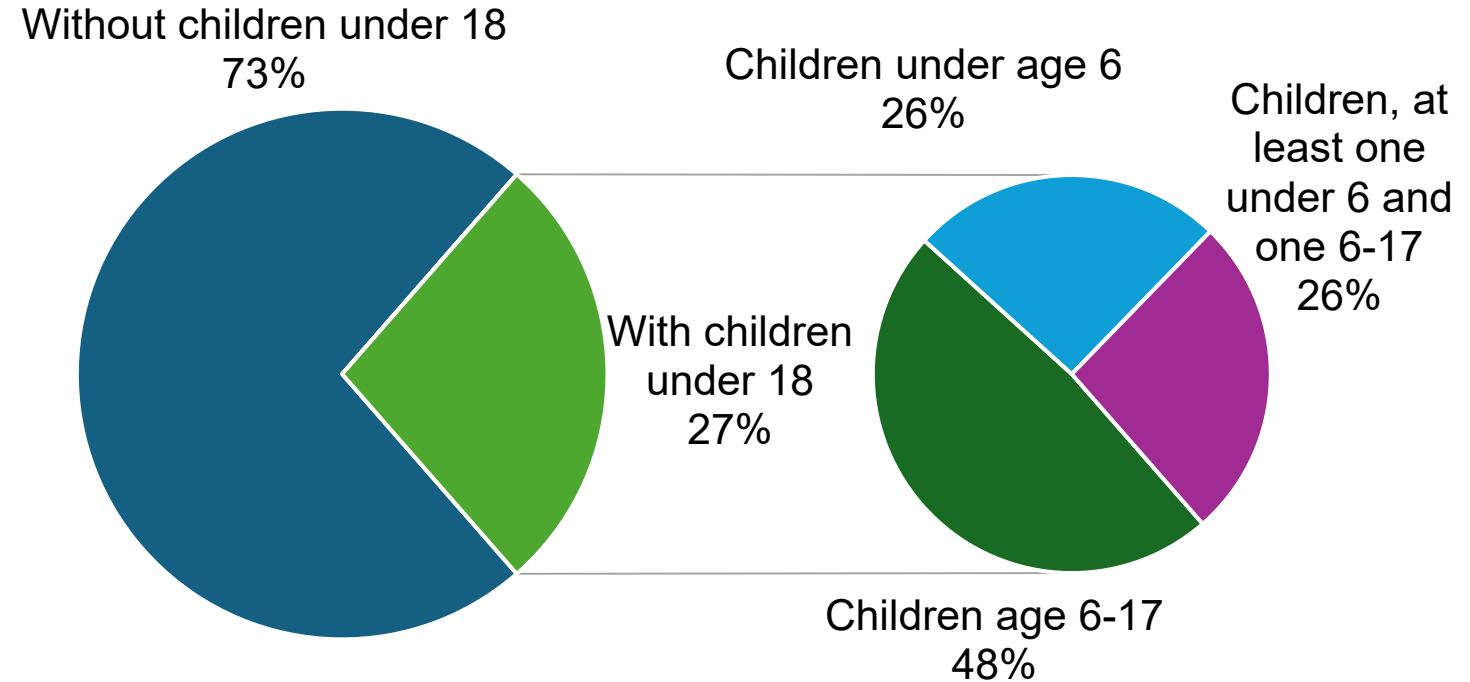


Female Not in Labor Force (Age 20-64 by presence of children)

One quarter of women age 20-64 not in the labor force have children under 18

One quarter of those have one or more children under six; another quarter have at least one under six and at least one or more 6-17; nearly half have at least one 6-17.

(Census American Community Survey, 2023 5-year estimates Table S2301)



Labor force participation is highest along the coast, lowest in the north

Participation in the labor force is strongly related to economic opportunity. It is lowest in northern and rural areas where there has been an erosion of opportunity from mill closures, mechanization of timber and agricultural harvesting, other factors. It is highest in the south where population and job growth has been strongest and the economic structure is more diverse.

This pattern is not unique to Maine. Labor force participation has decreased in many areas of the U.S. where demand for labor decreased from factory closures, automation and mechanization of production work.

Labor Force Participation Rates (Age 25-54 by county)

