

# The State of Maine's Economy and the Impact on our Workforce and Recruitment

Kennebec Valley HR Association

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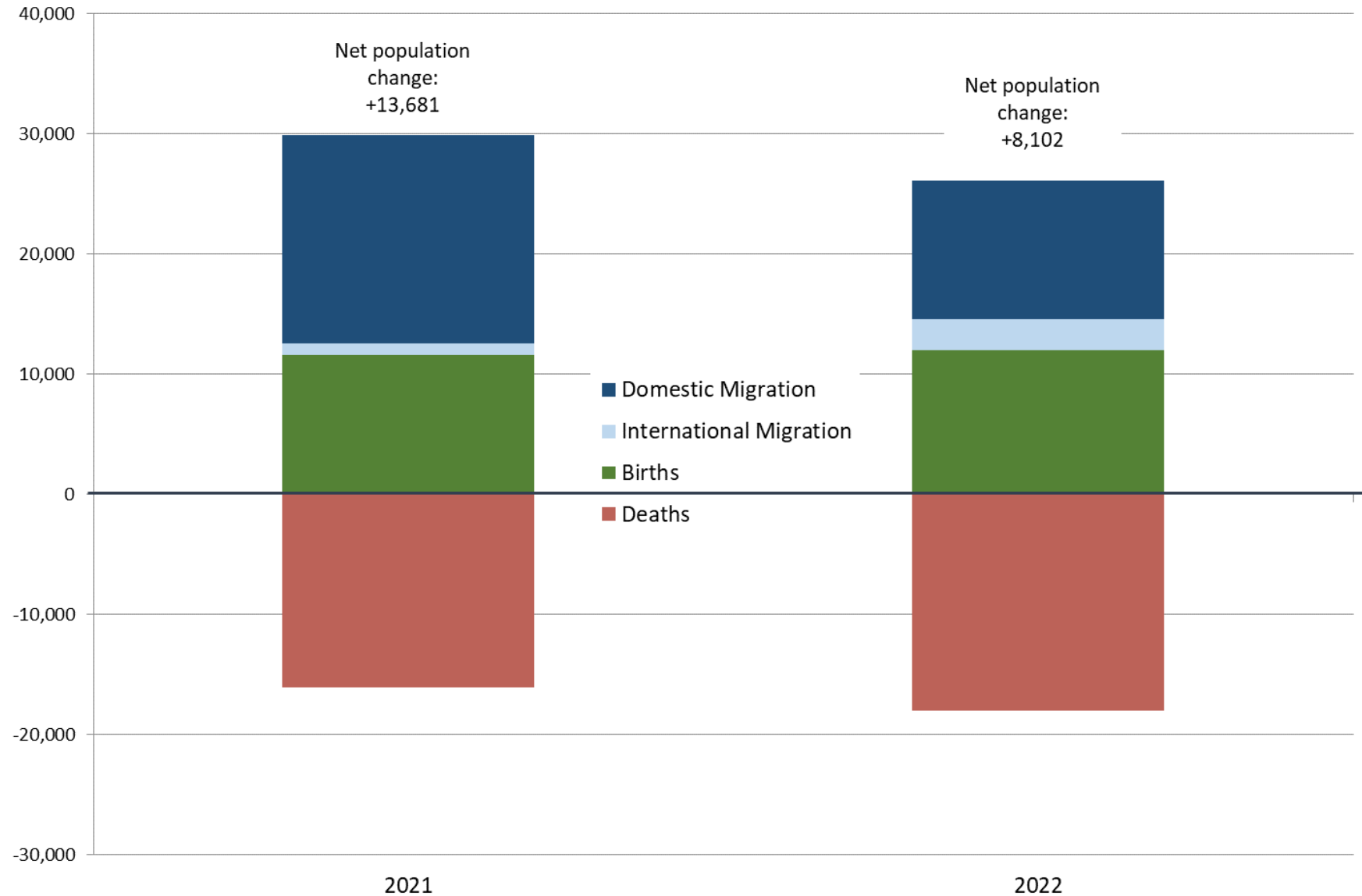
## Components of Population Change, Maine

2020 Decennial  
Population = 1,362,359  
(42<sup>nd</sup> in U.S.)

Population increase of  
2.6% from 2010-2020  
(42<sup>nd</sup> in U.S.)

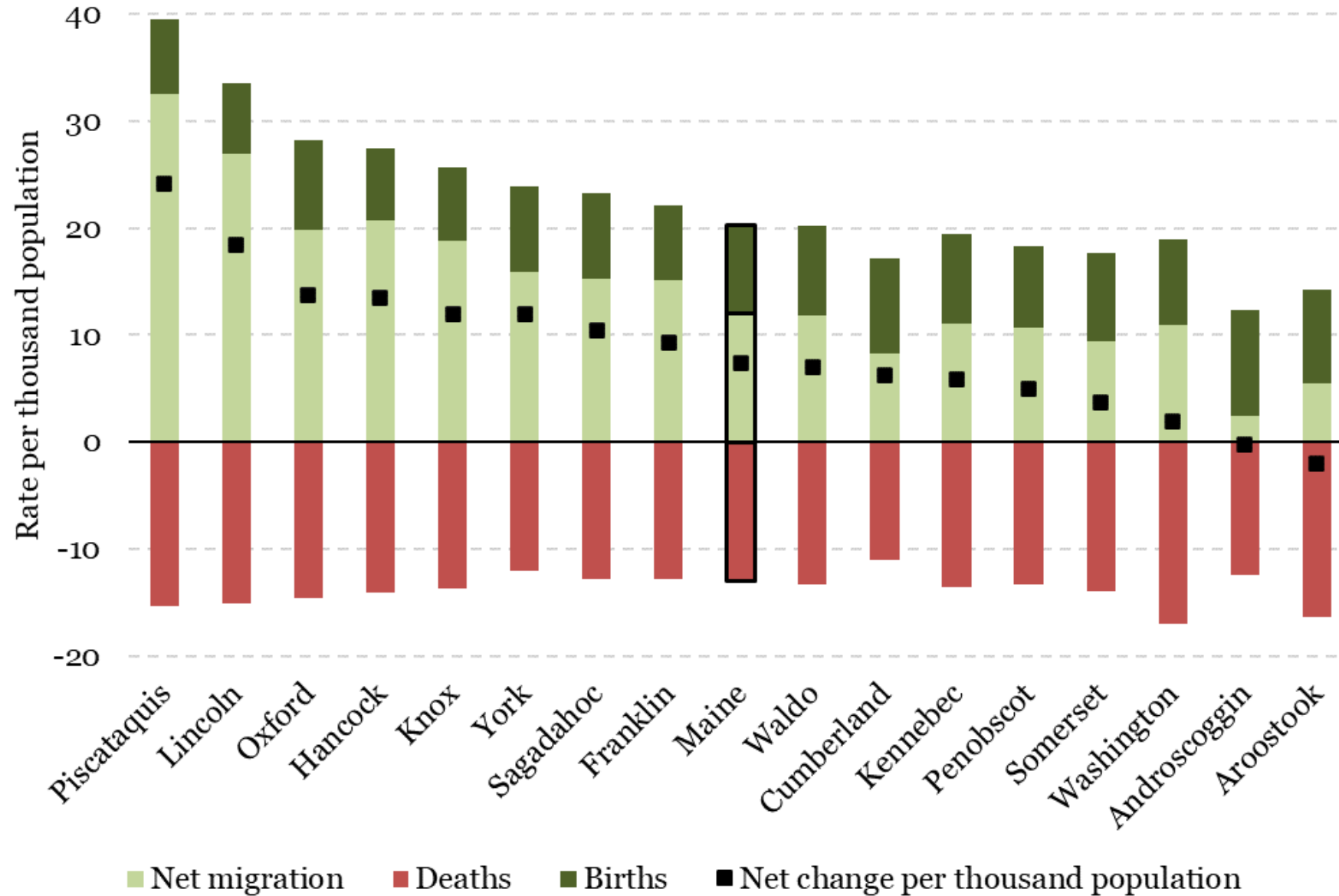
Population increase of  
1.7% from 2020-2022  
(14<sup>th</sup> in U.S.)

2022 net migration =  
10.2 per thousand  
(11<sup>th</sup> in U.S.)



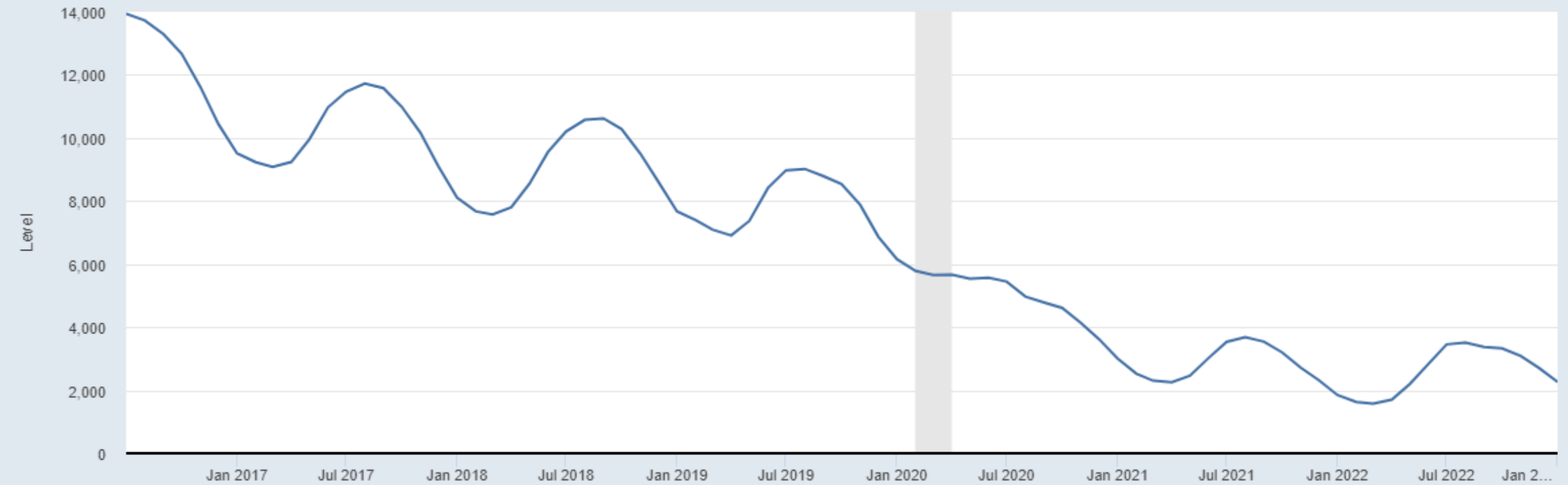
## Components of Population Change in Maine, 2021

### Rate per thousand population





Housing Inventory: Active Listing Count in Maine

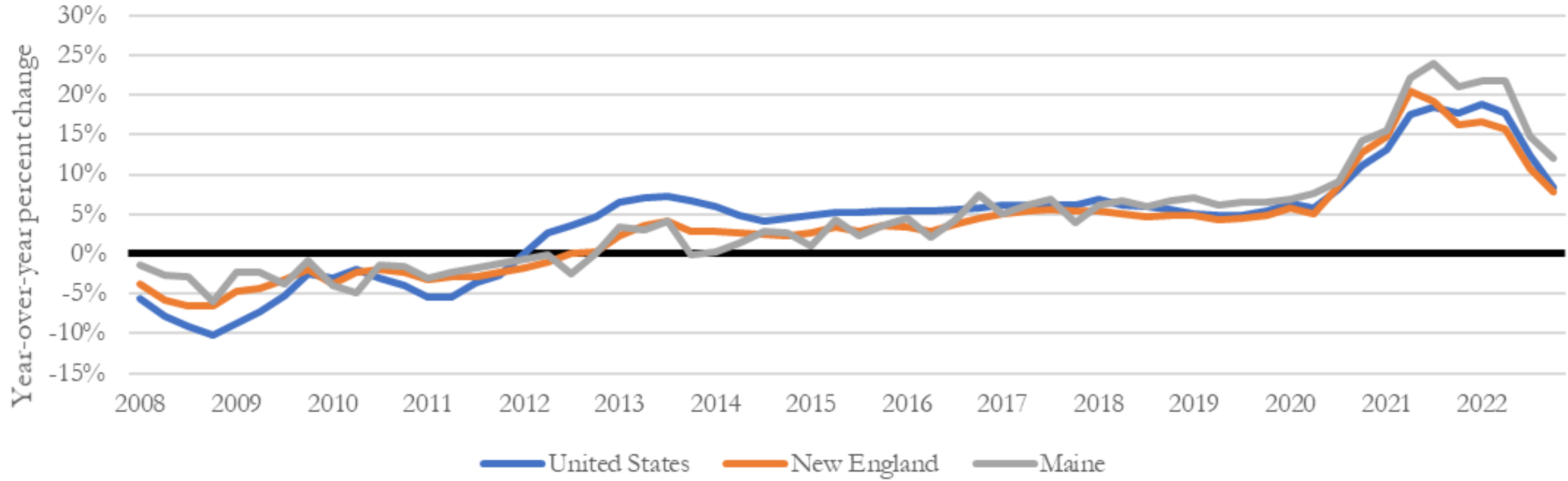


Shaded areas indicate U.S. recessions.

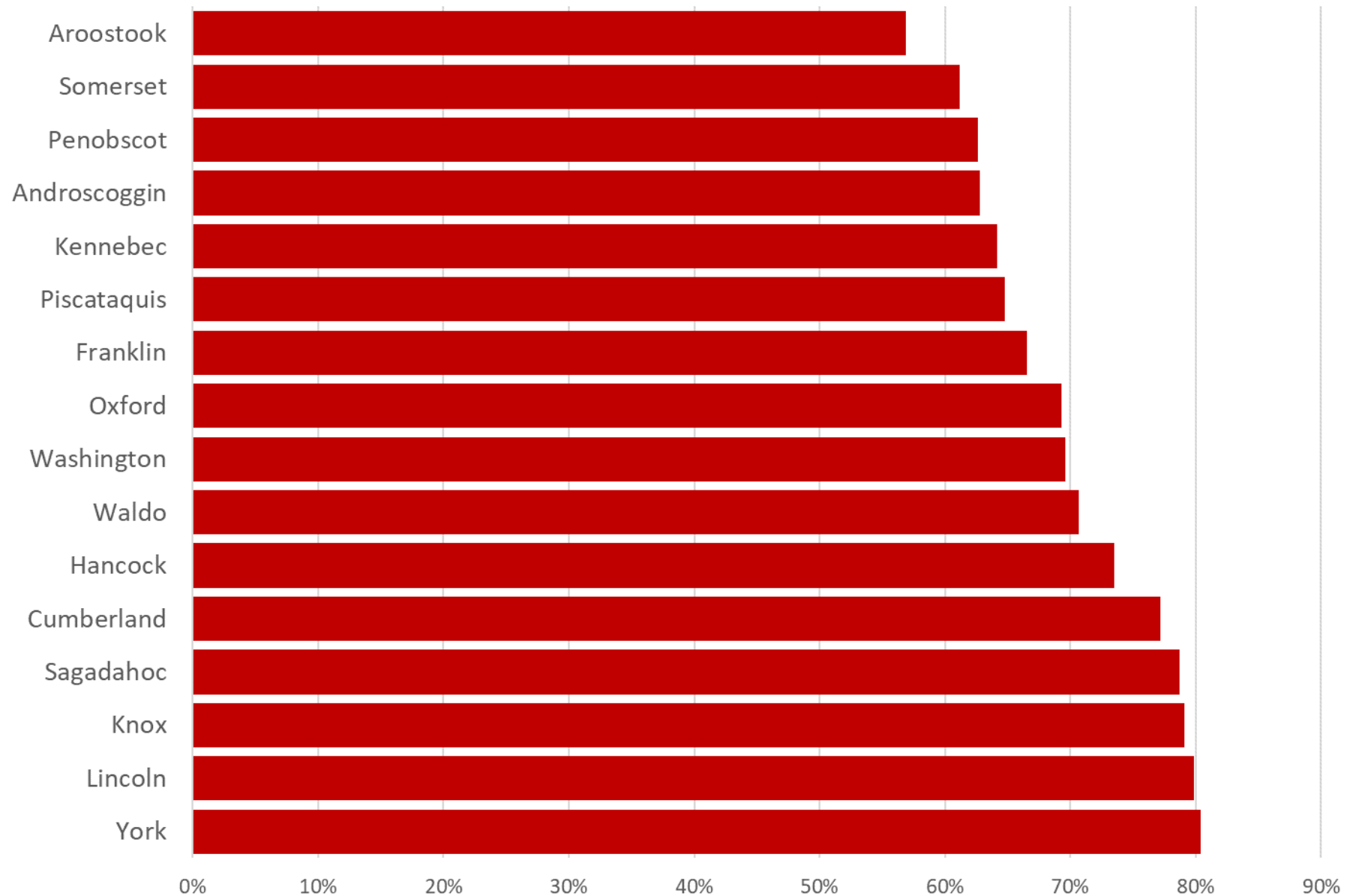
Source: Realtor.com

fred.stlouisfed.org

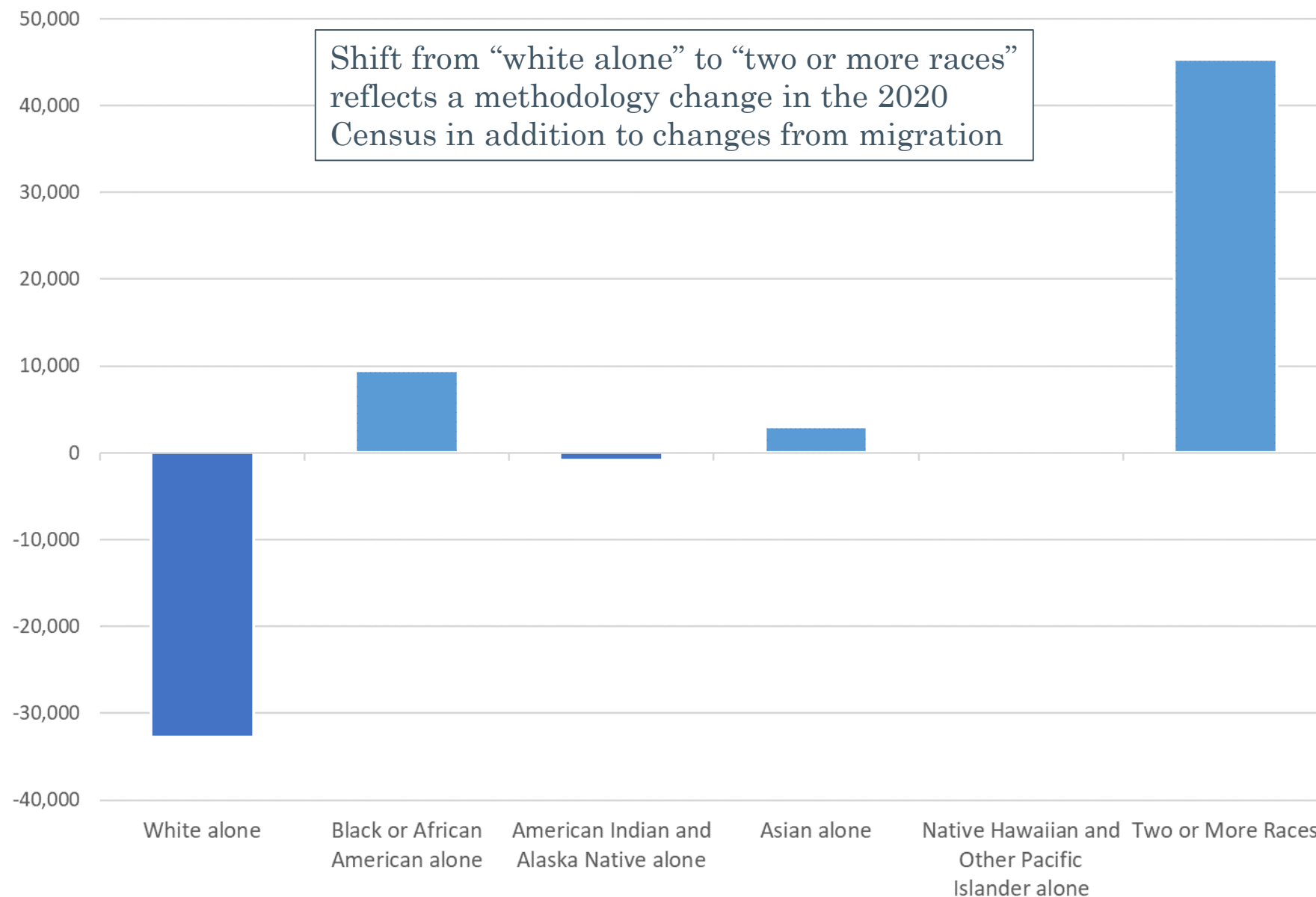
## Percent Changes, Year-over-year in FHFA House Price Index (not seasonally adjusted)



## Percent of Households Unable to Afford Median Home, 2022

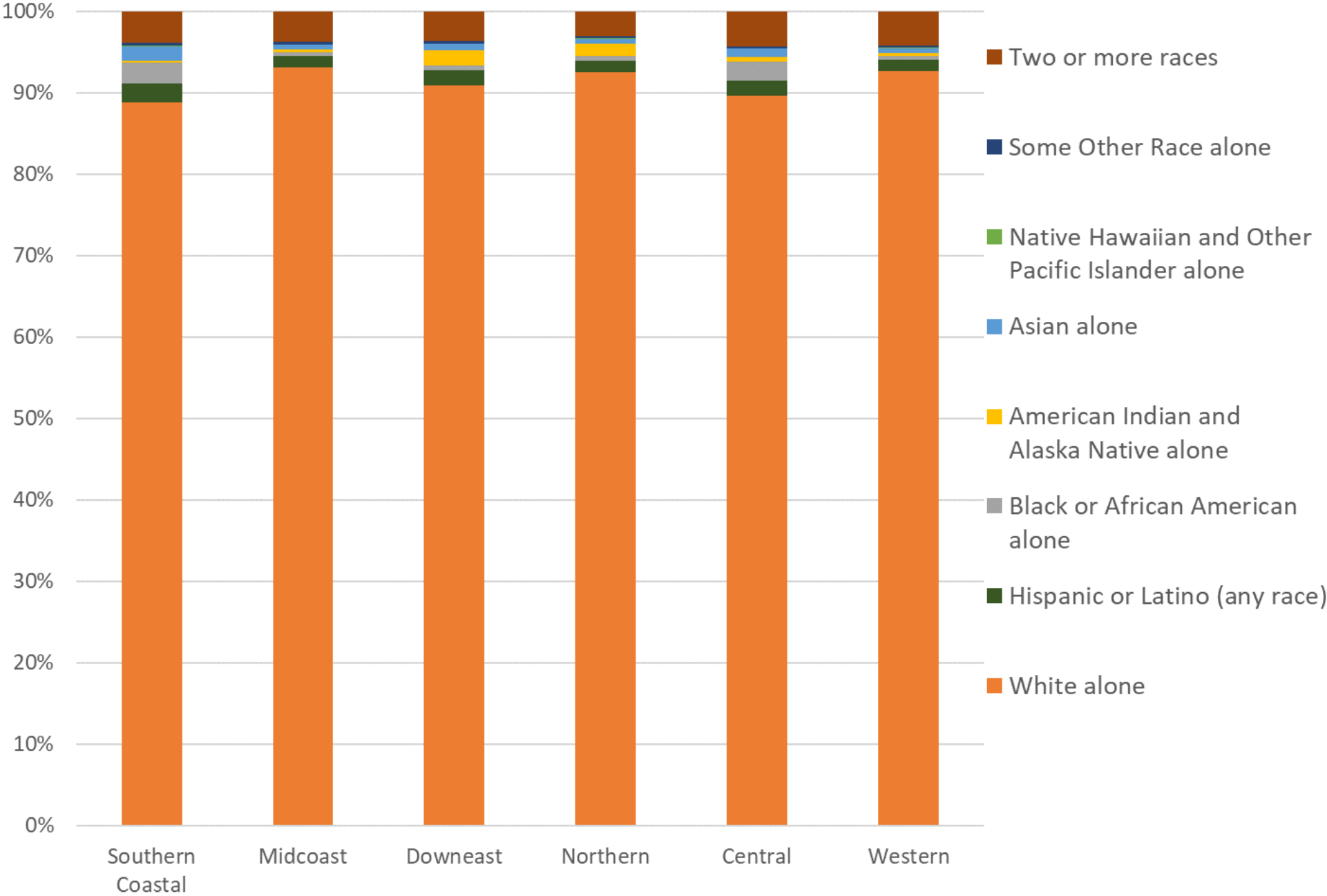


Change in Maine Population by Race, 2010-2020



9.8% Black, Indigenous, and People of Color  
Lowest percentage in U.S., but improved from 5.6% in 2010

Share of 2020 Population by Race/Ethnicity

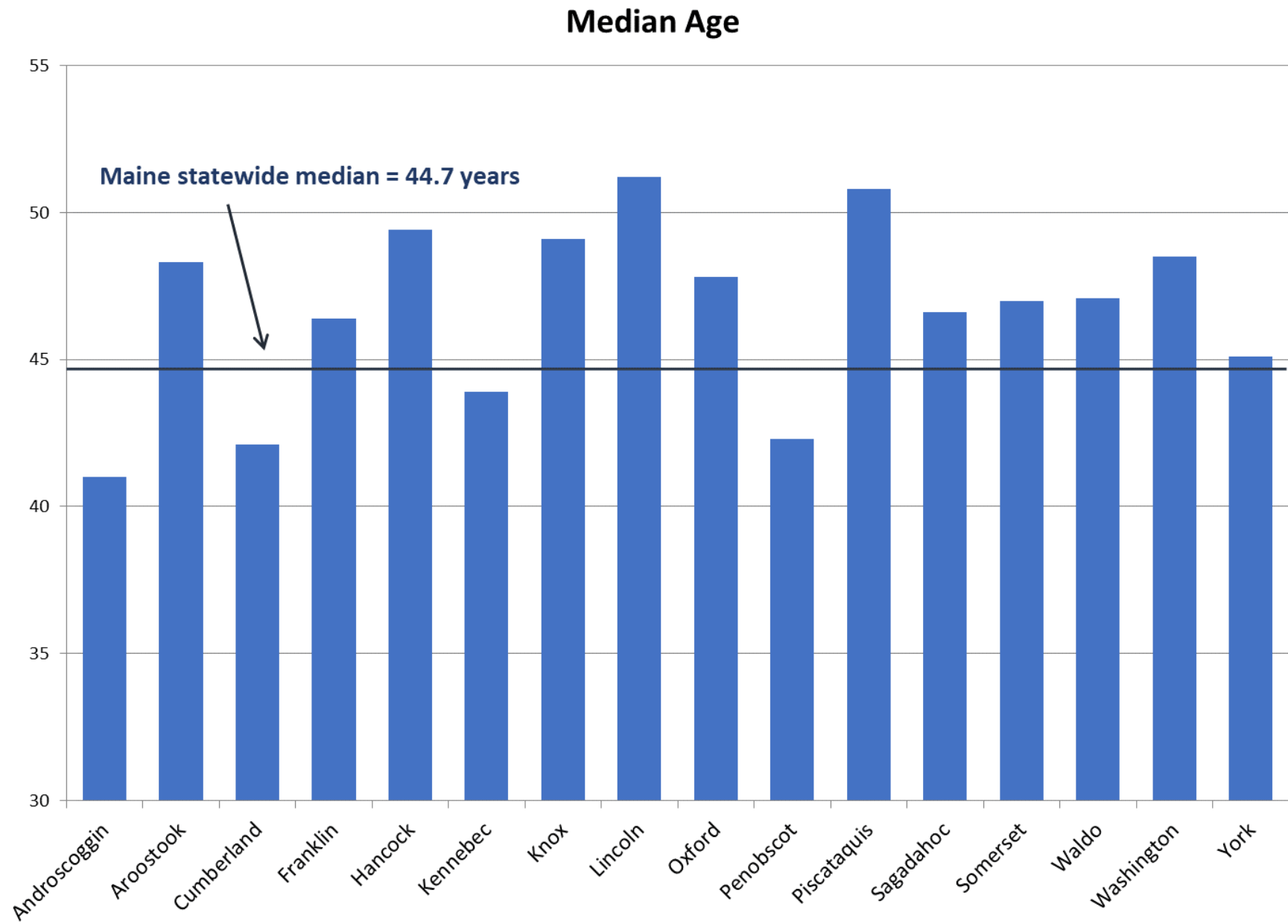




Maine has the oldest population...  
...by median age  
(44.7 years)  
...and by % of population  
age 65+ (21.7%)

**BUT!**

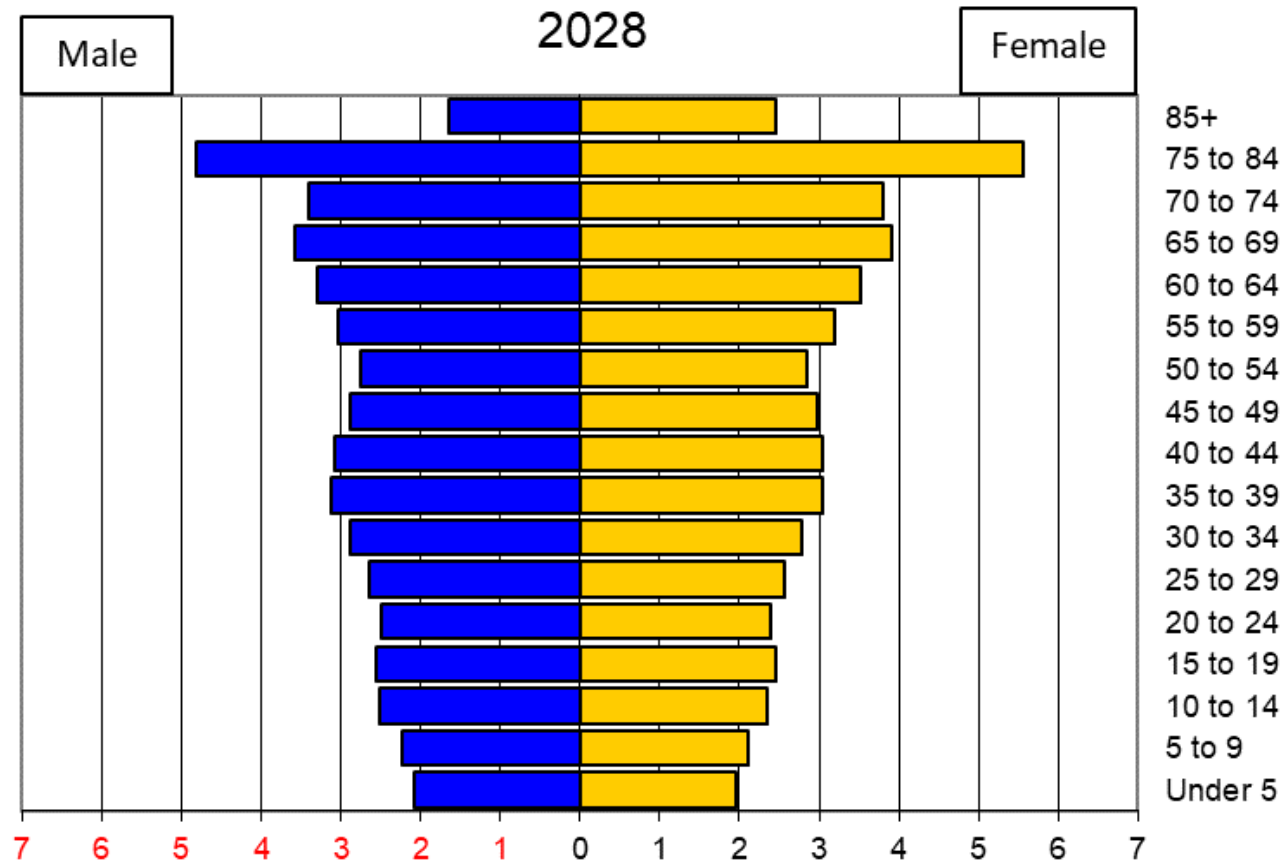
Maine was the **ONLY**  
state in the U.S. to see a  
decrease in median age  
from 2020 to 2021



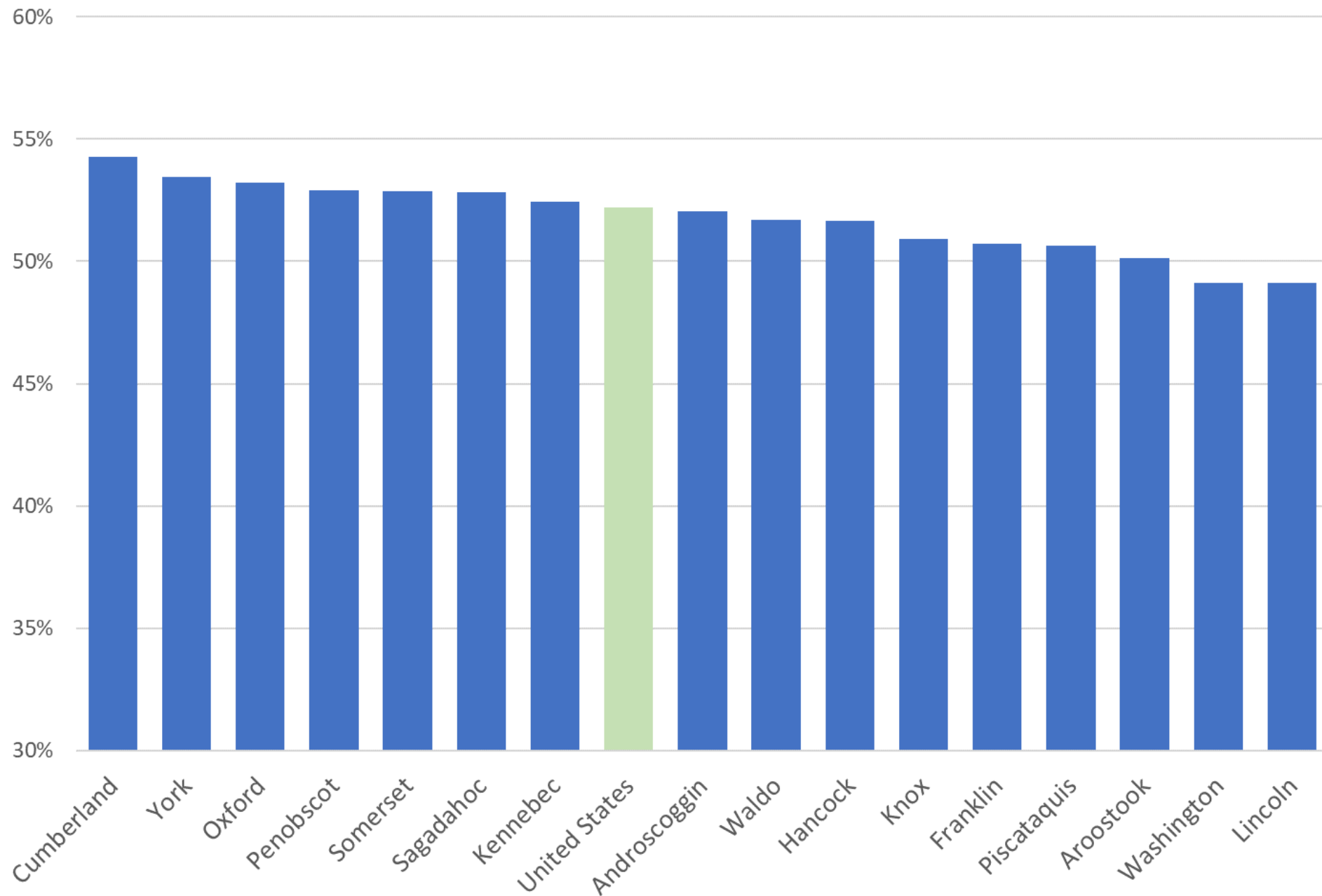
# The Baby Boom: 1946-1964

Baby Boom  
generation in  
2028: age 64-82

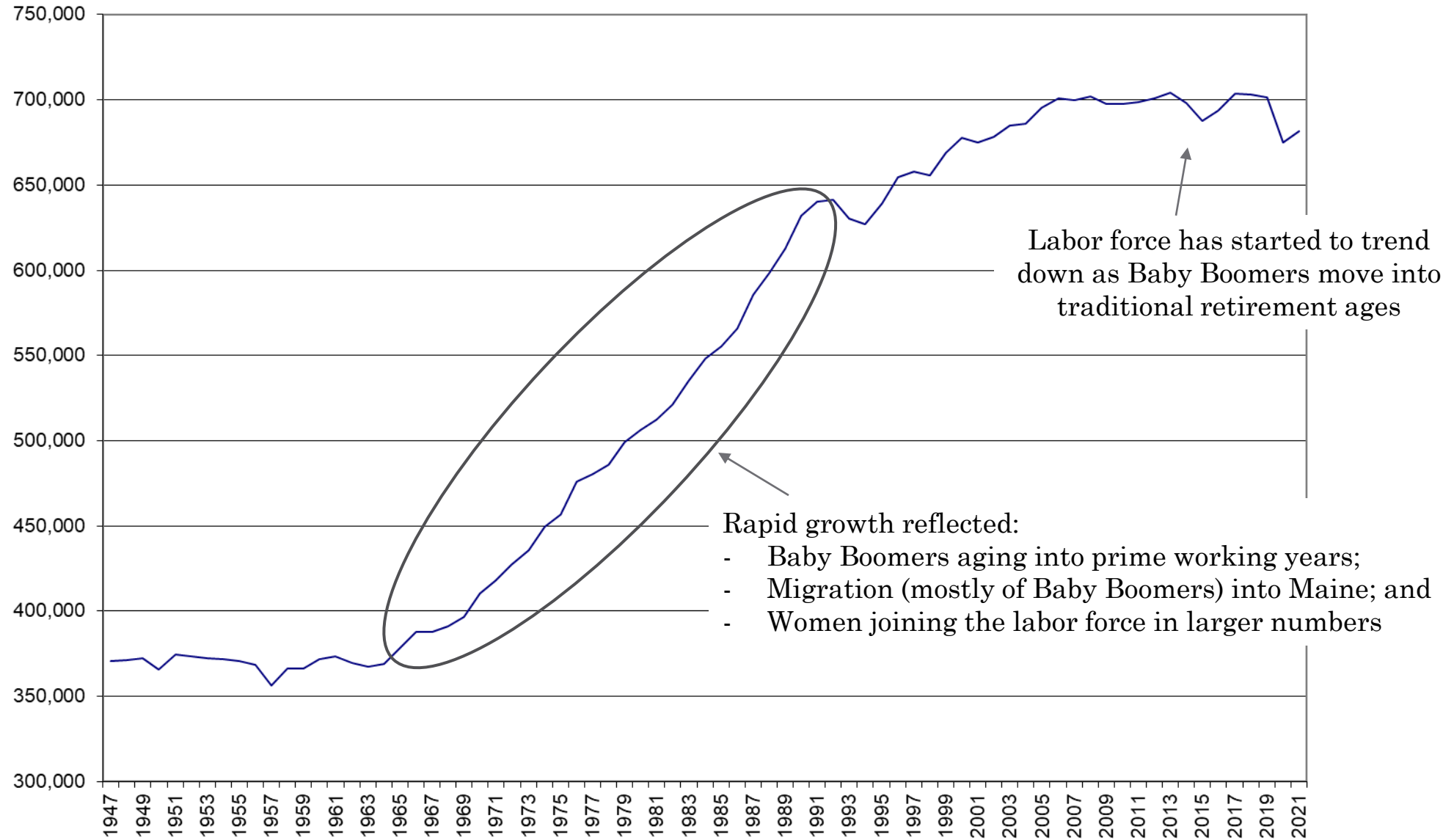
Baby Boom  
generation in  
2021: age 57-75



Percent of the population age 25 to 64 years



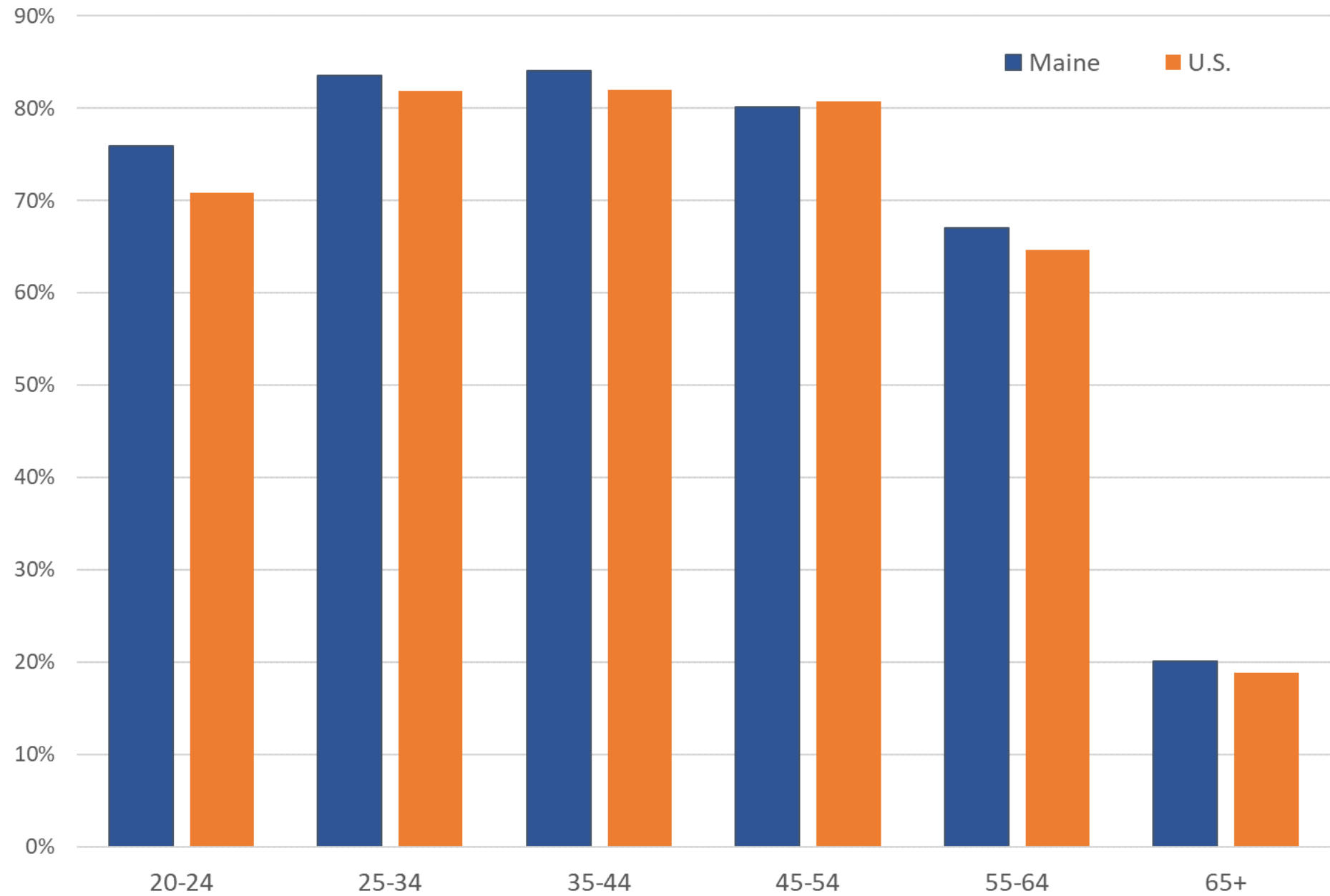
## Maine Civilian Labor Force



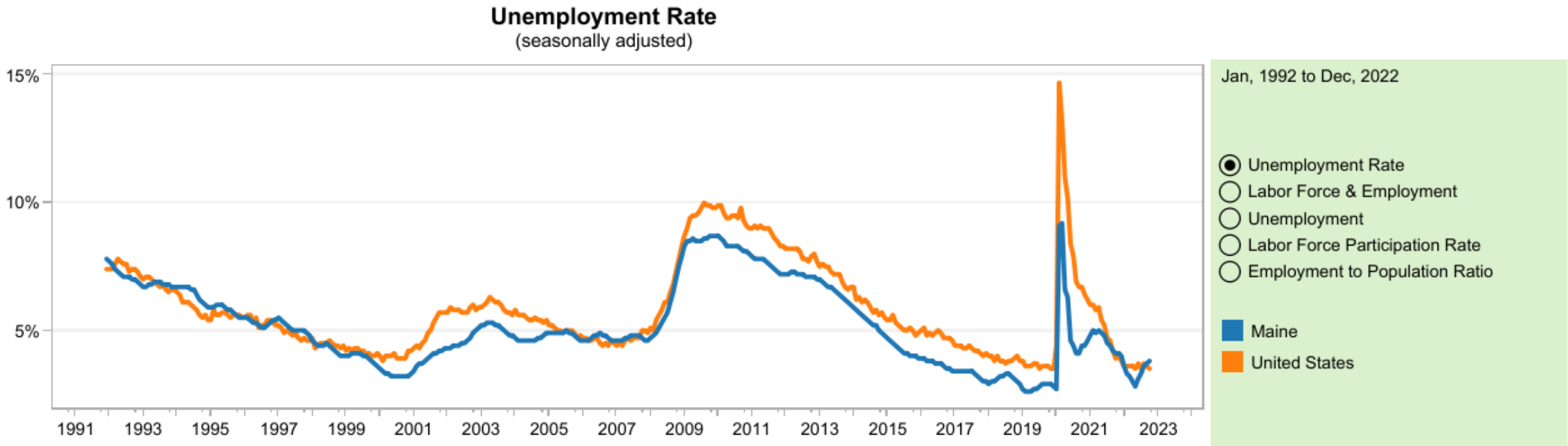
In the *Annual Workforce Report for 2021*, the Maine Department of Labor notes:

- The rising share of retired population is the primary factor in lower participation in the state.
- A higher share of retirement age population is the reason total labor force participation is lower in Maine than the nation.

# 2021 Labor Force Participation Rate



Maine’s unemployment rate in December 2022 is above pre-pandemic levels but well below the long-run average



# Kennebec County has one of the lowest unemployment rates in the state

## County Rates (not seasonally adjusted)

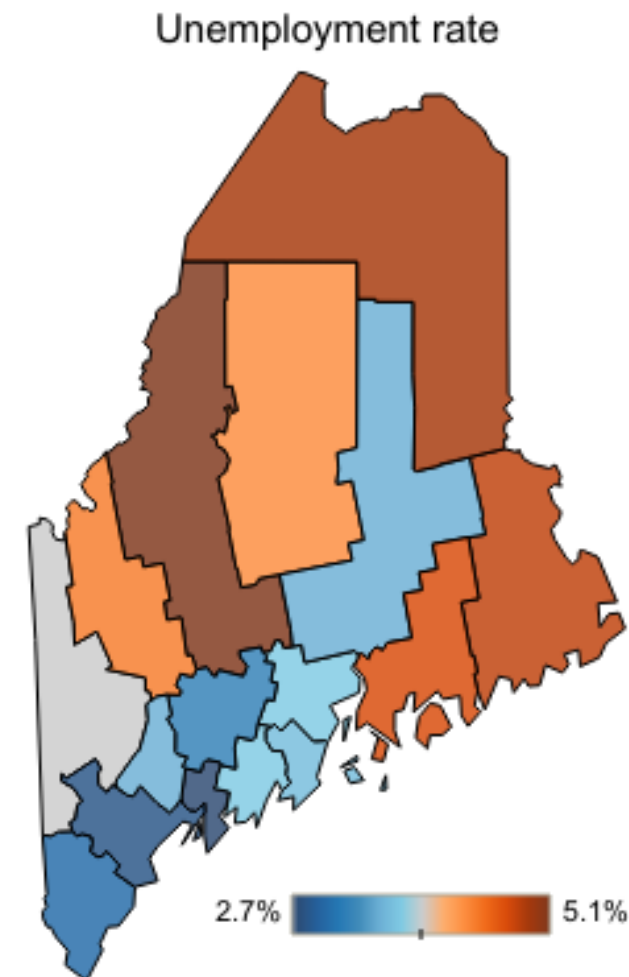
December, 2022

- ☒ Table  
☐ Graph

### Map/Graph Display

- ☒ Unemployment rate  
☐ One-year change

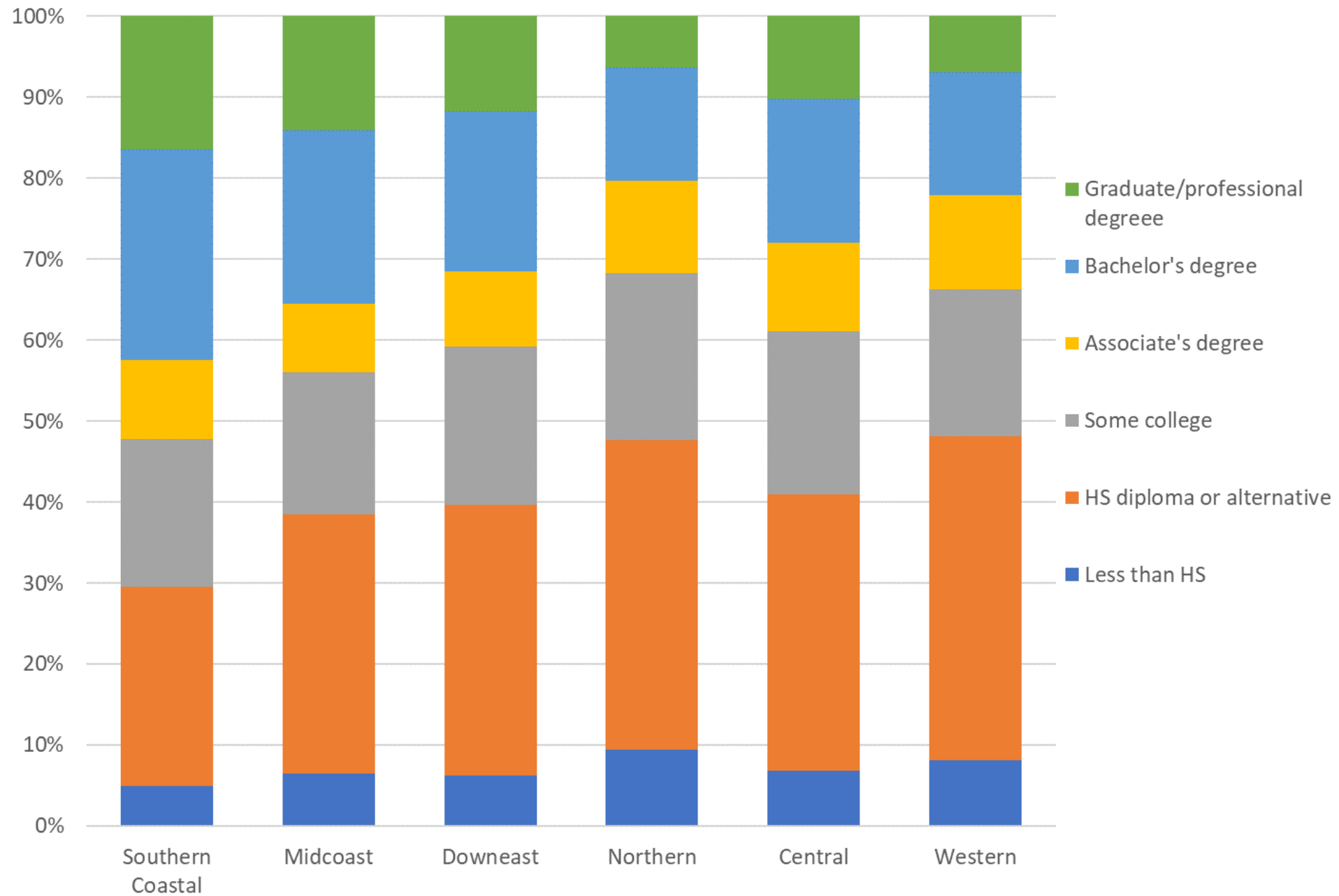
County	Rate	Year ago	One-yr change	
Maine	3.4%	3.5%	-0.1	↓
Androscoggin	3.5%	3.5%	0.0	—
Aroostook	4.9%	4.6%	0.3	↑
Cumberland	2.8%	2.9%	-0.1	↓
Franklin	4.4%	4.0%	0.4	↑
Hancock	4.7%	4.6%	0.1	↑
Kennebec	3.2%	3.4%	-0.2	↓
Knox	3.6%	3.4%	0.2	↑
Lincoln	3.7%	3.6%	0.1	↑
Oxford	3.9%	4.0%	-0.1	↓
Penobscot	3.5%	3.6%	-0.1	↓
Piscataquis	4.3%	4.2%	0.1	↑
Sagadahoc	2.7%	2.8%	-0.1	↓
Somerset	5.1%	4.9%	0.2	↑
Waldo	3.7%	3.8%	-0.1	↓
Washington	4.8%	4.8%	0.0	—
York	3.0%	3.3%	-0.3	↓



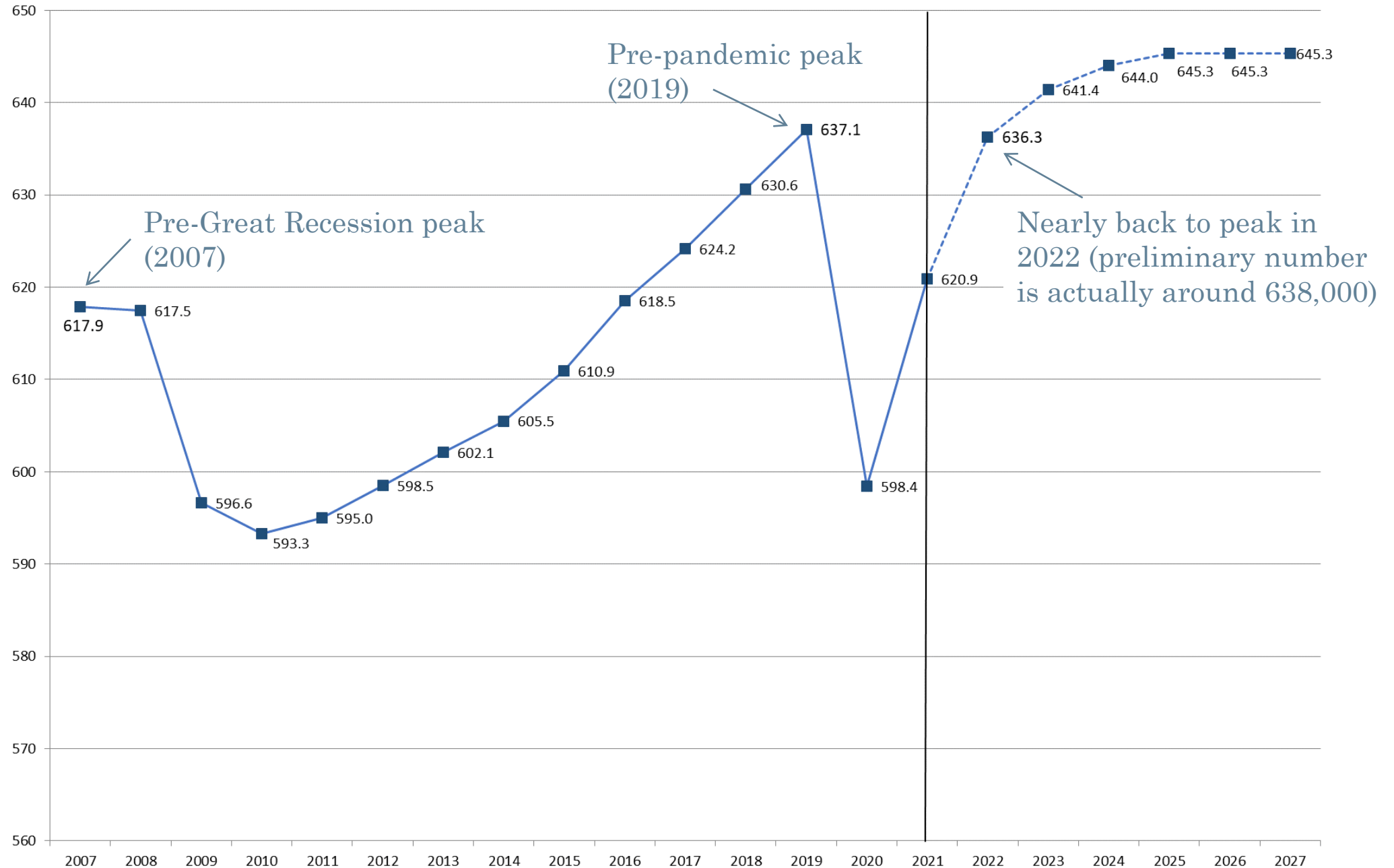
Source: Maine Department of Labor



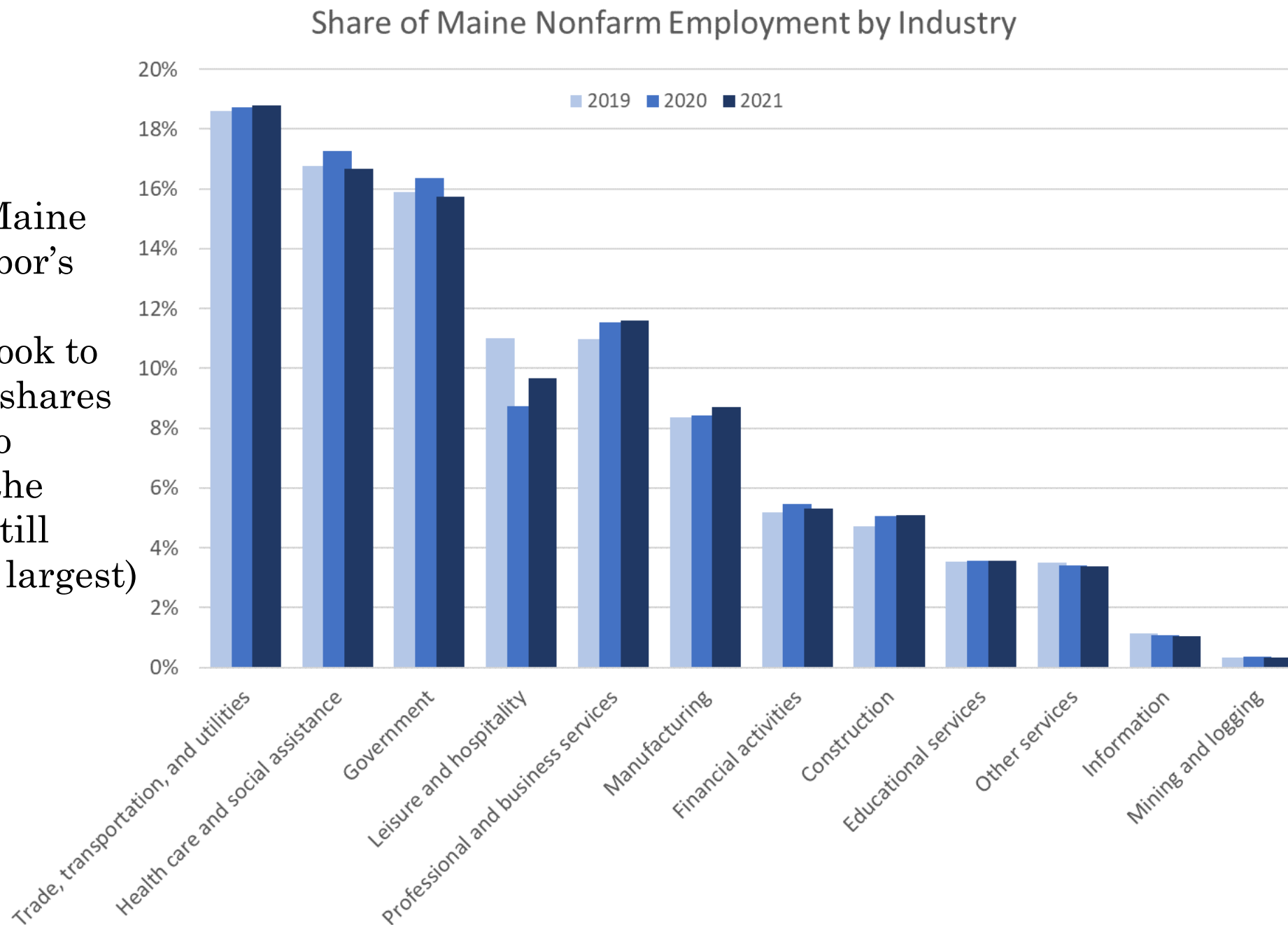
Educational Attainment of Population Age 25+ by Region



# Total Nonfarm Employment (in thousands) History and CEFC forecast

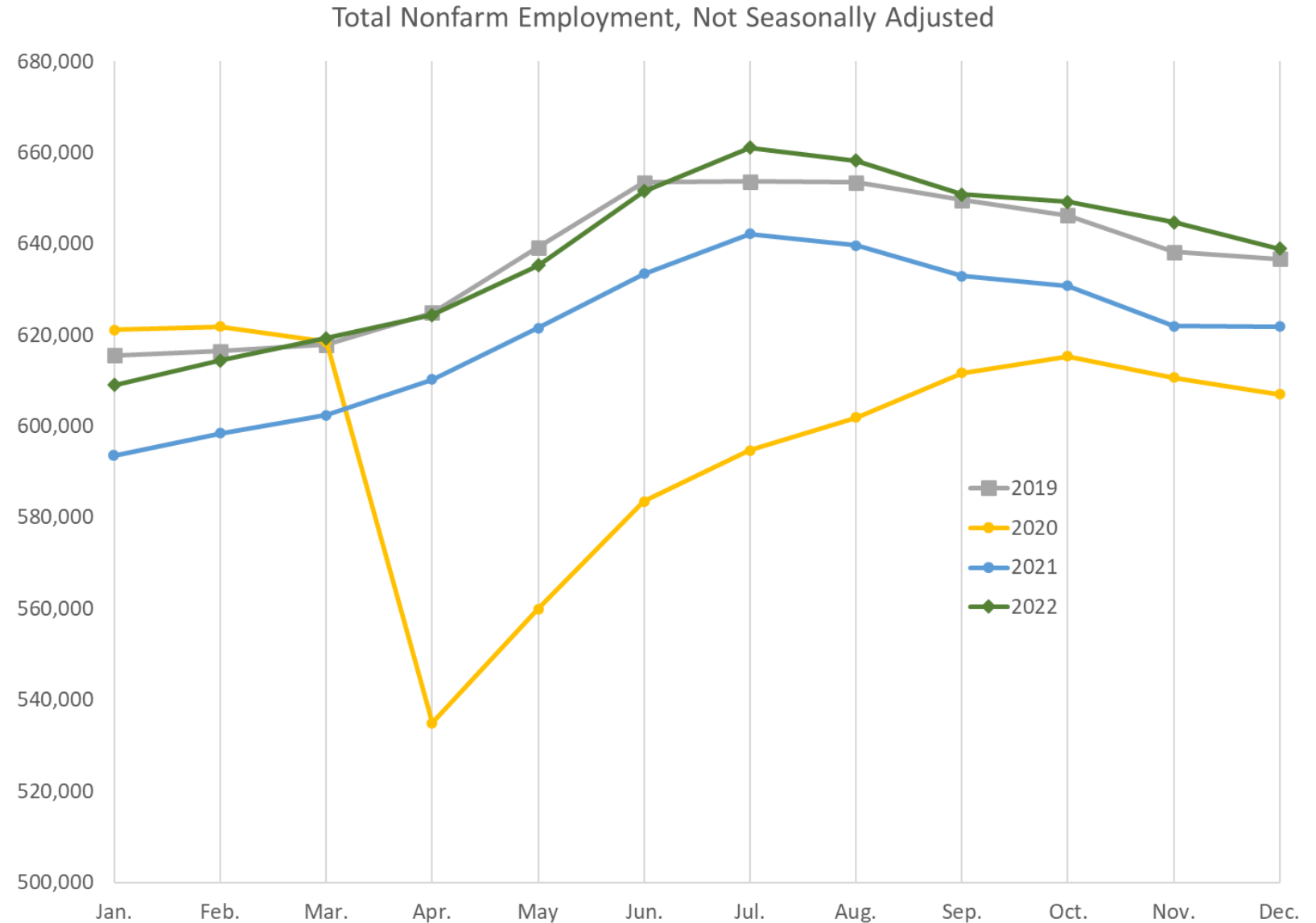


According to the Maine Department of Labor's newly-released Employment Outlook to 2030, the relative shares are not expected to change by much (the same sectors are still expected to be the largest)

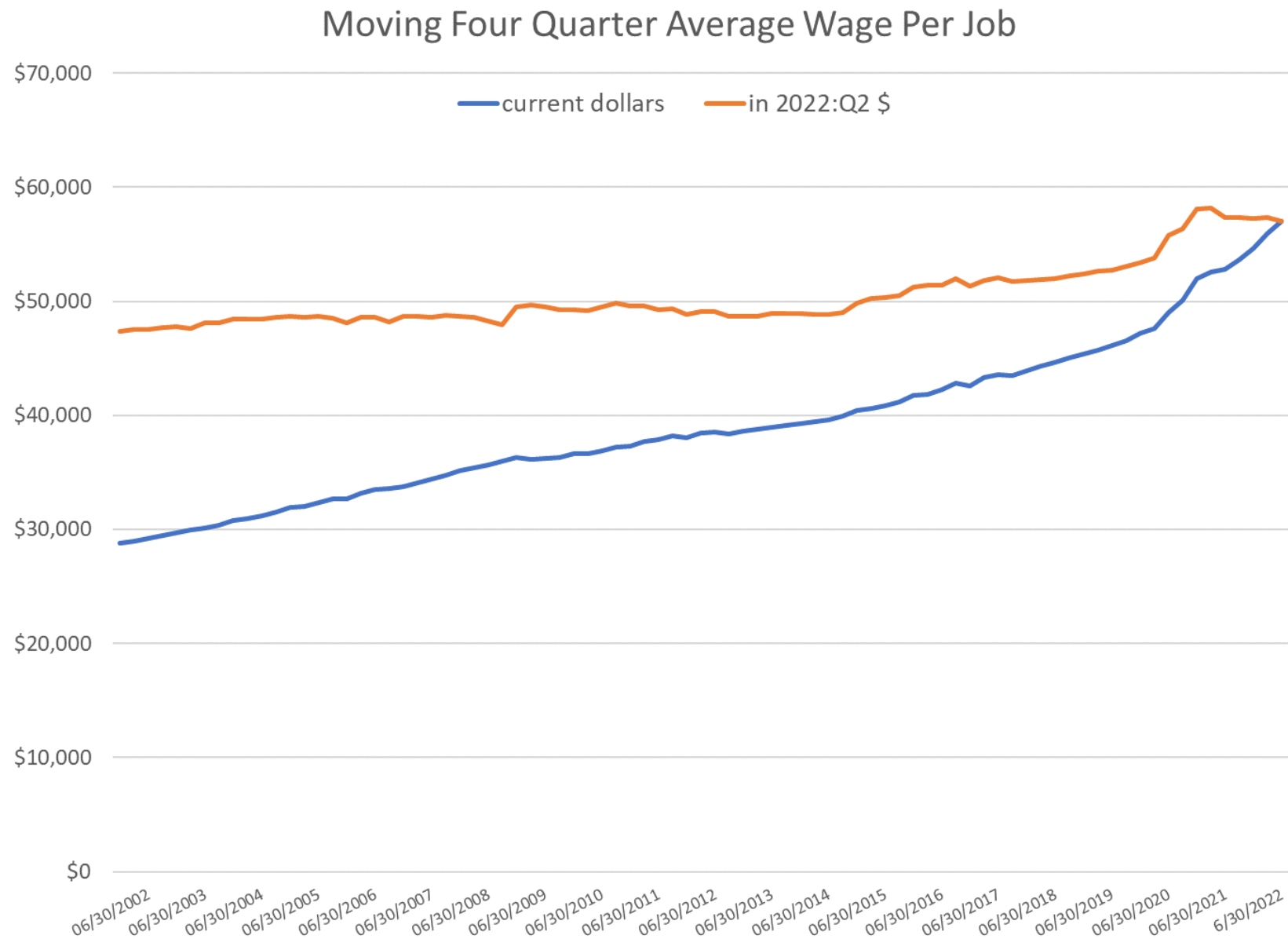


Most sectors in December 2022 were near or above December 2019 levels, the exceptions being:

- healthcare and social assistance (mostly long-term care and social assistance)
- state government education (public higher education)

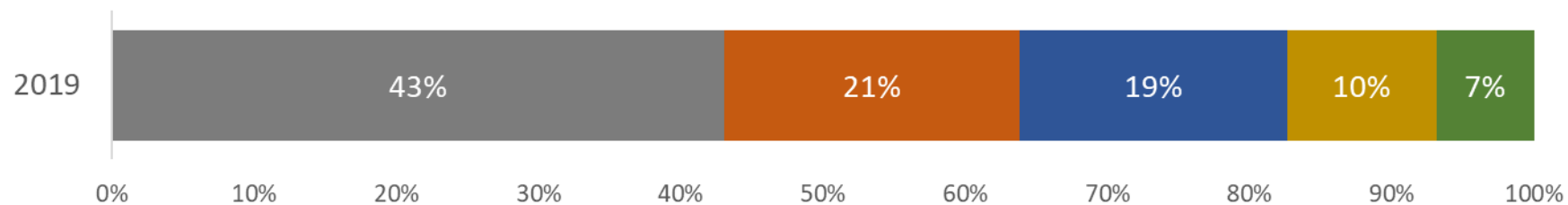


Wages have increased sharply over the past two years, but higher inflation has flattened out recent gains



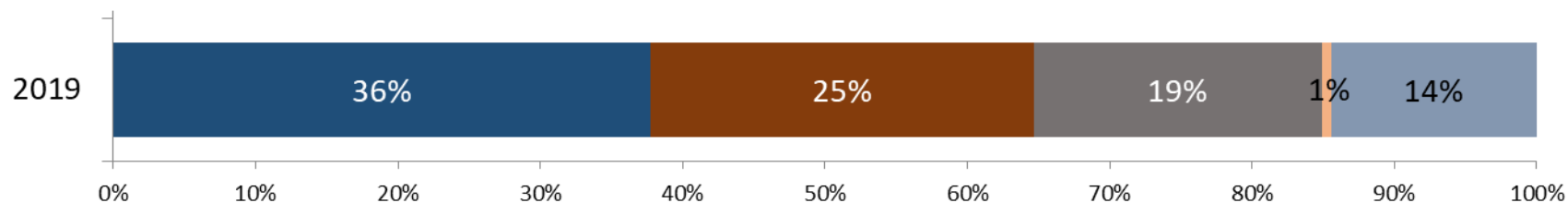
## Major Components of Personal Income, Maine

- Wages and Salaries
- Personal current transfer receipts
- Dividends, interest and rent
- Supplements to wages and salaries
- Nonfarm proprietors' income

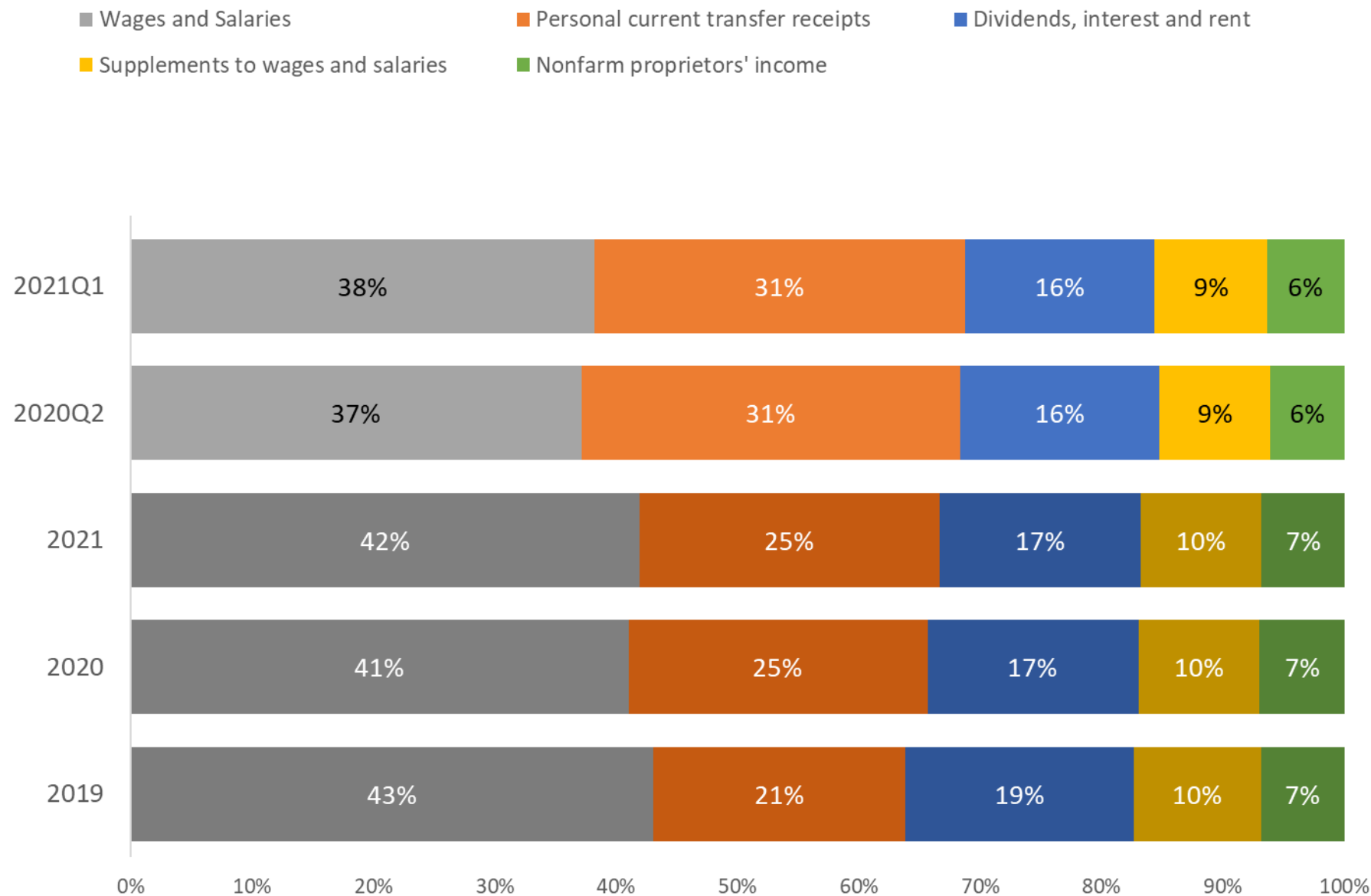


## Components of Personal Current Transfer Receipts, Maine

- Social Security benefits
- Medicare benefits
- Medicaid
- Unemployment insurance compensation
- All other personal current transfer receipts

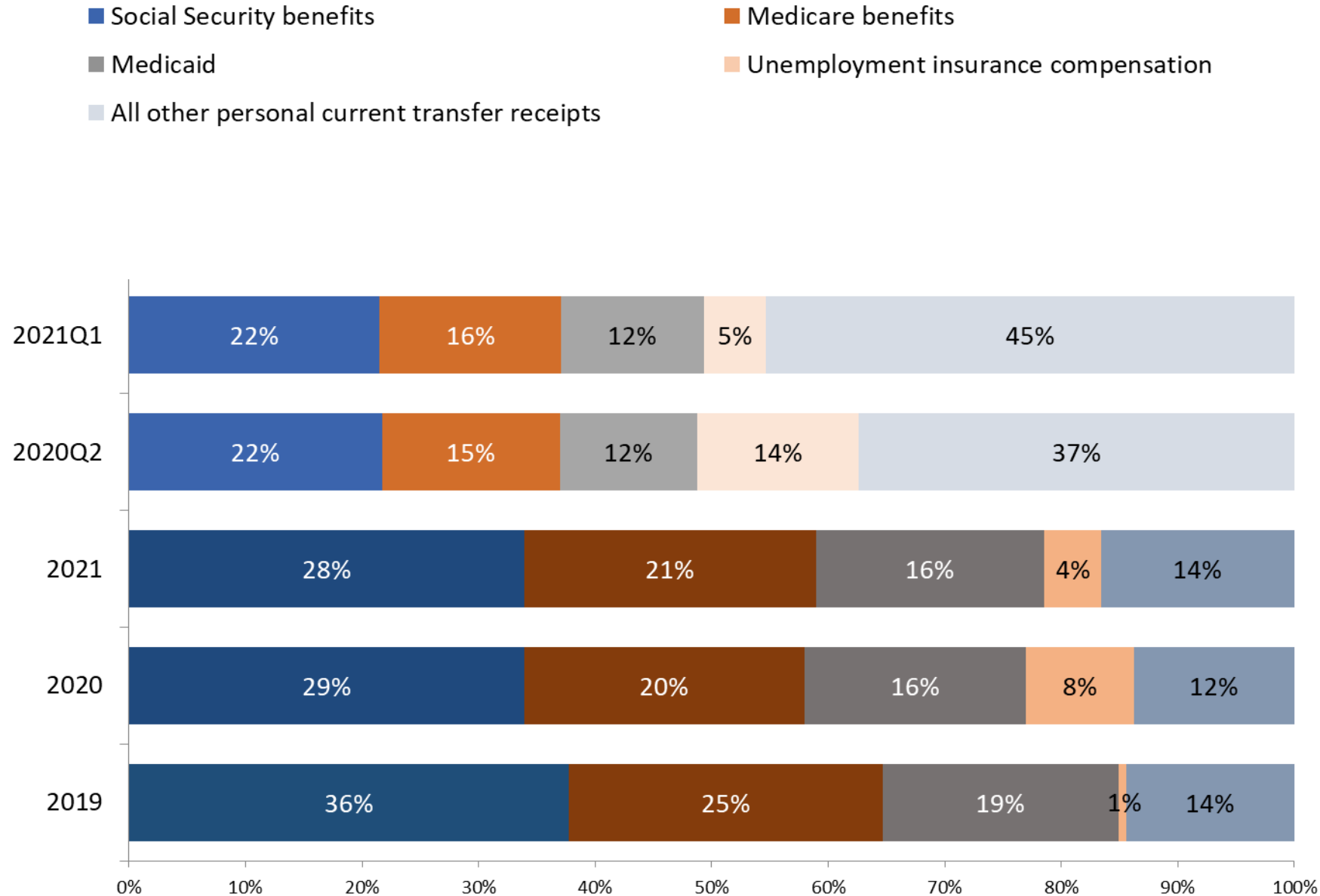


## Major Components of Personal Income, Maine

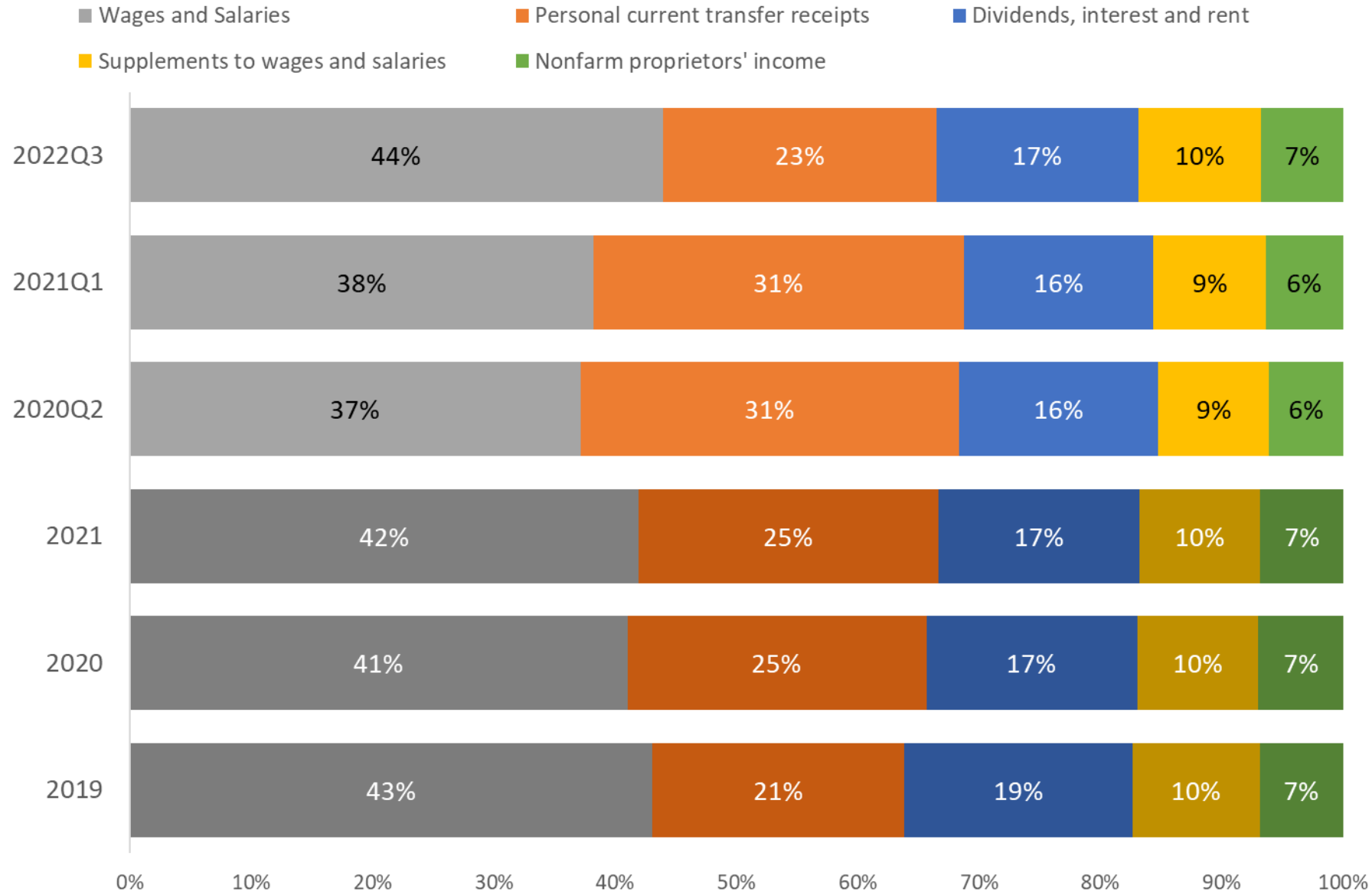




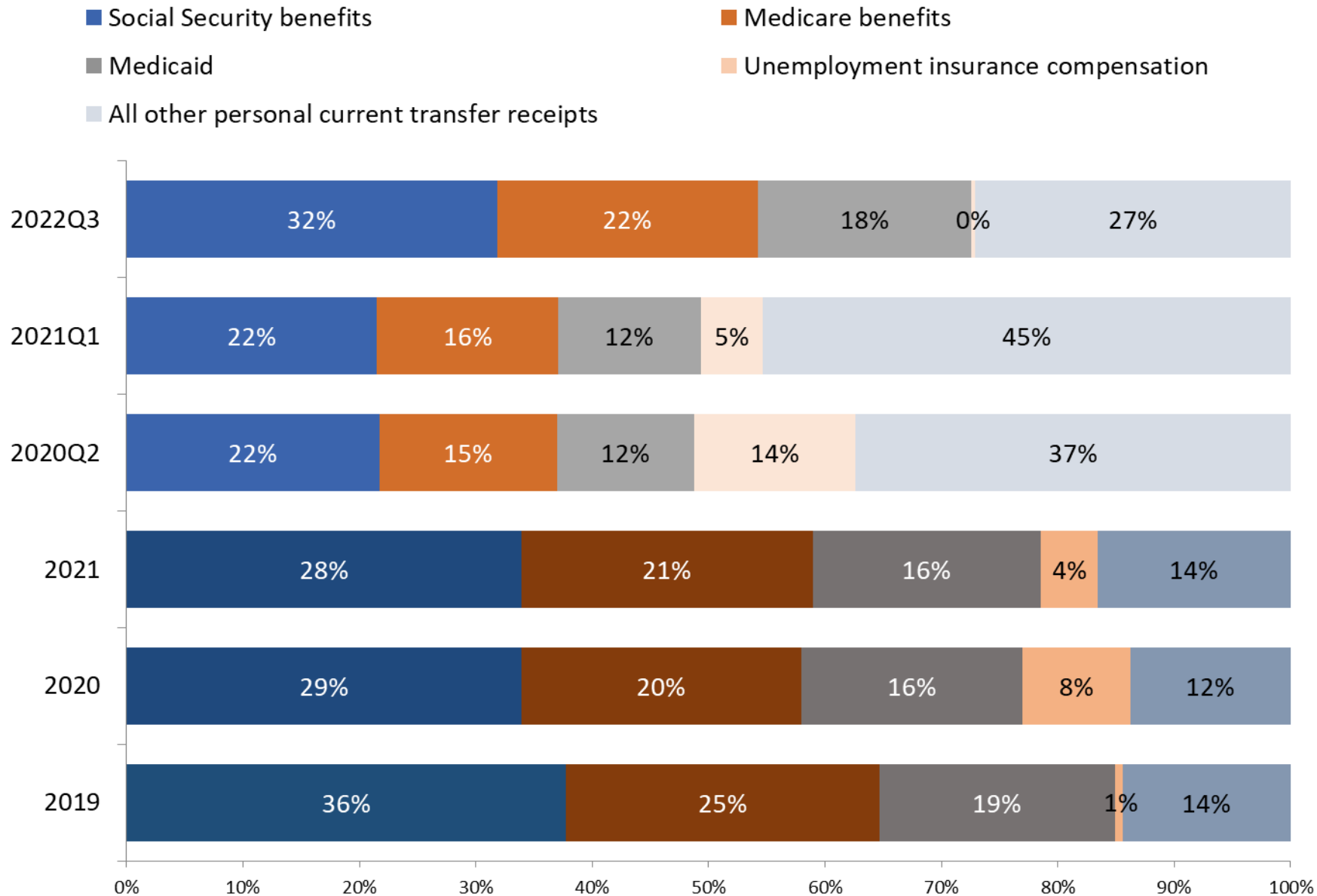
## Components of Personal Current Transfer Receipts, Maine



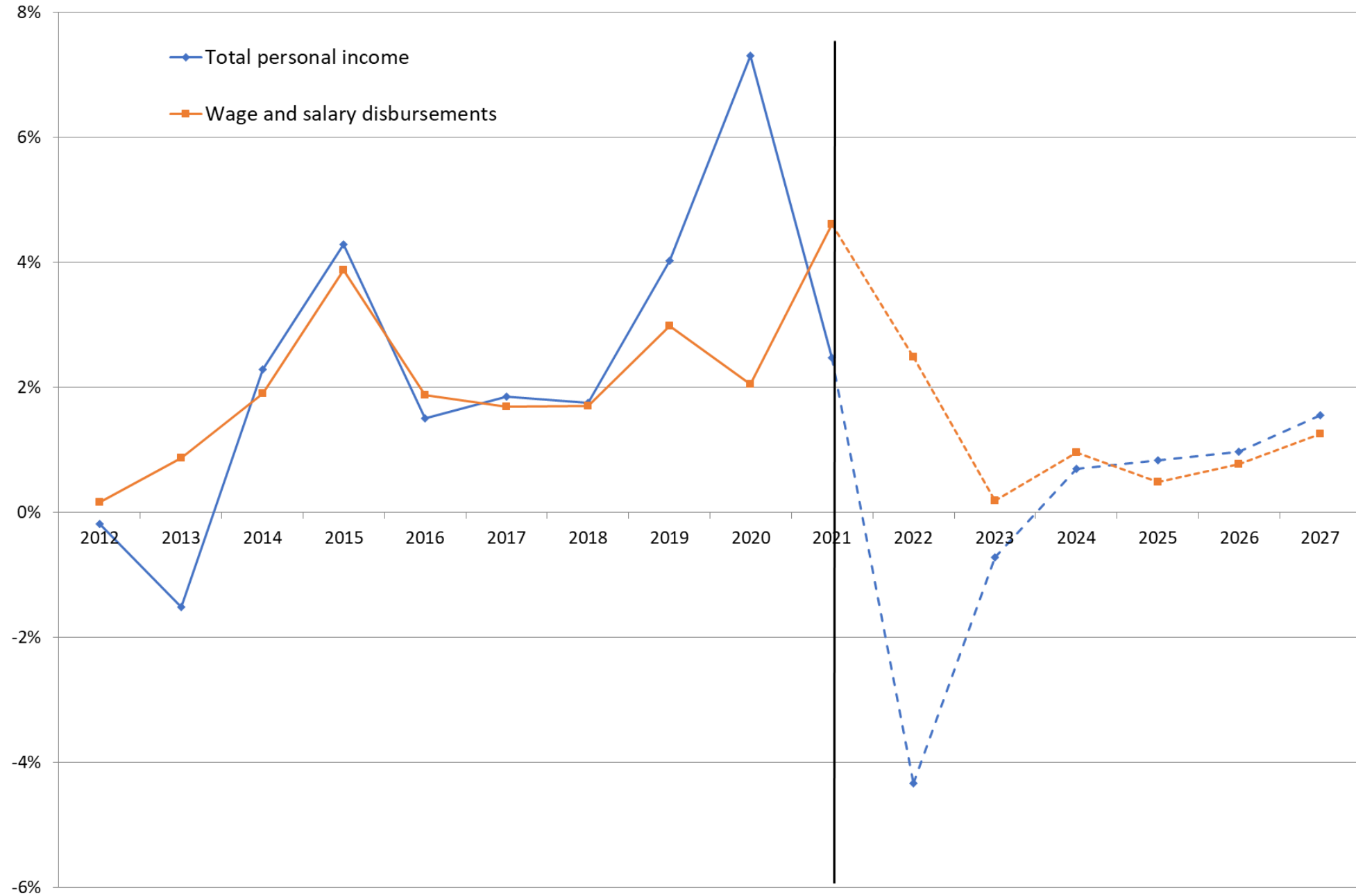
# Major Components of Personal Income, Maine



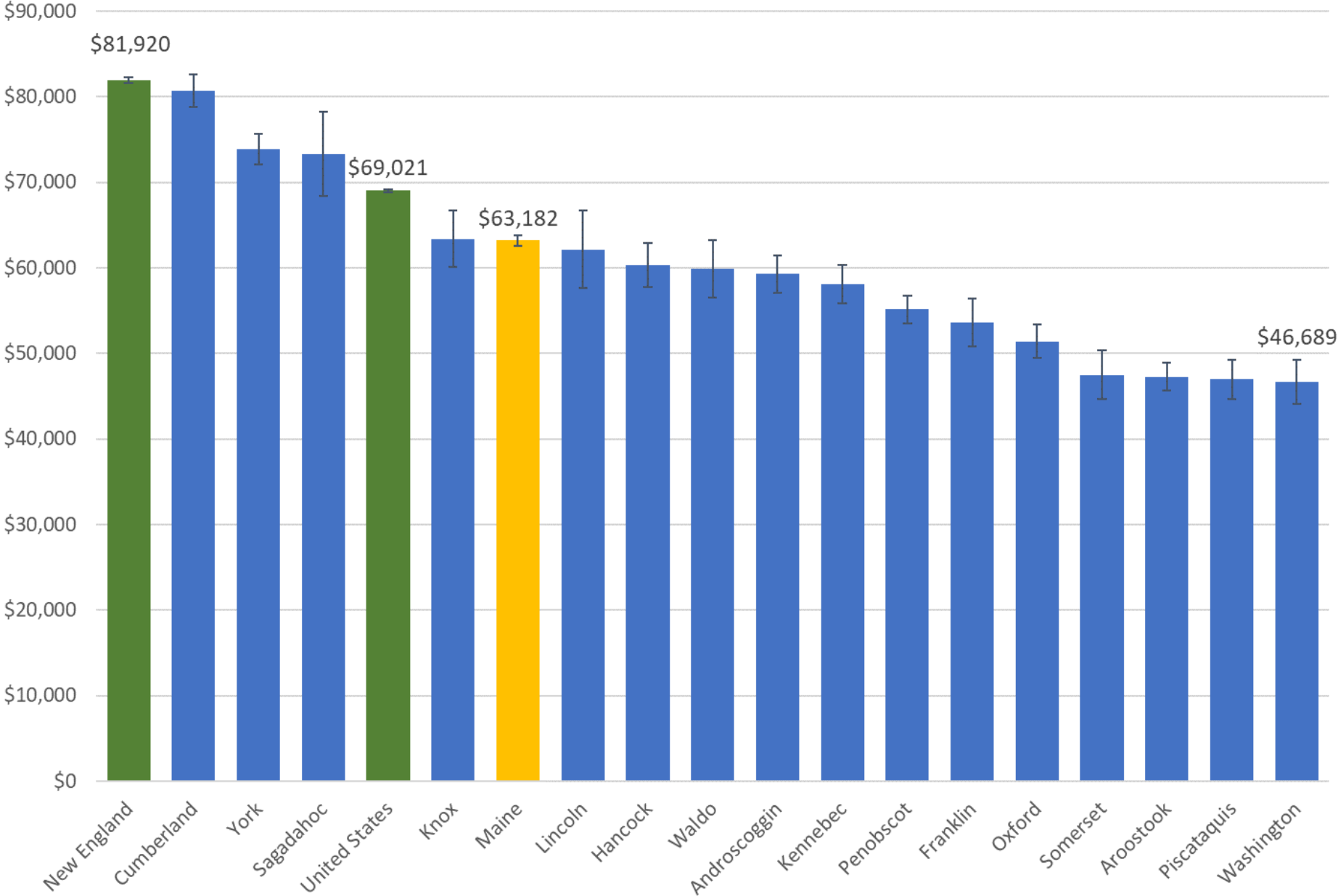
## Components of Personal Current Transfer Receipts, Maine



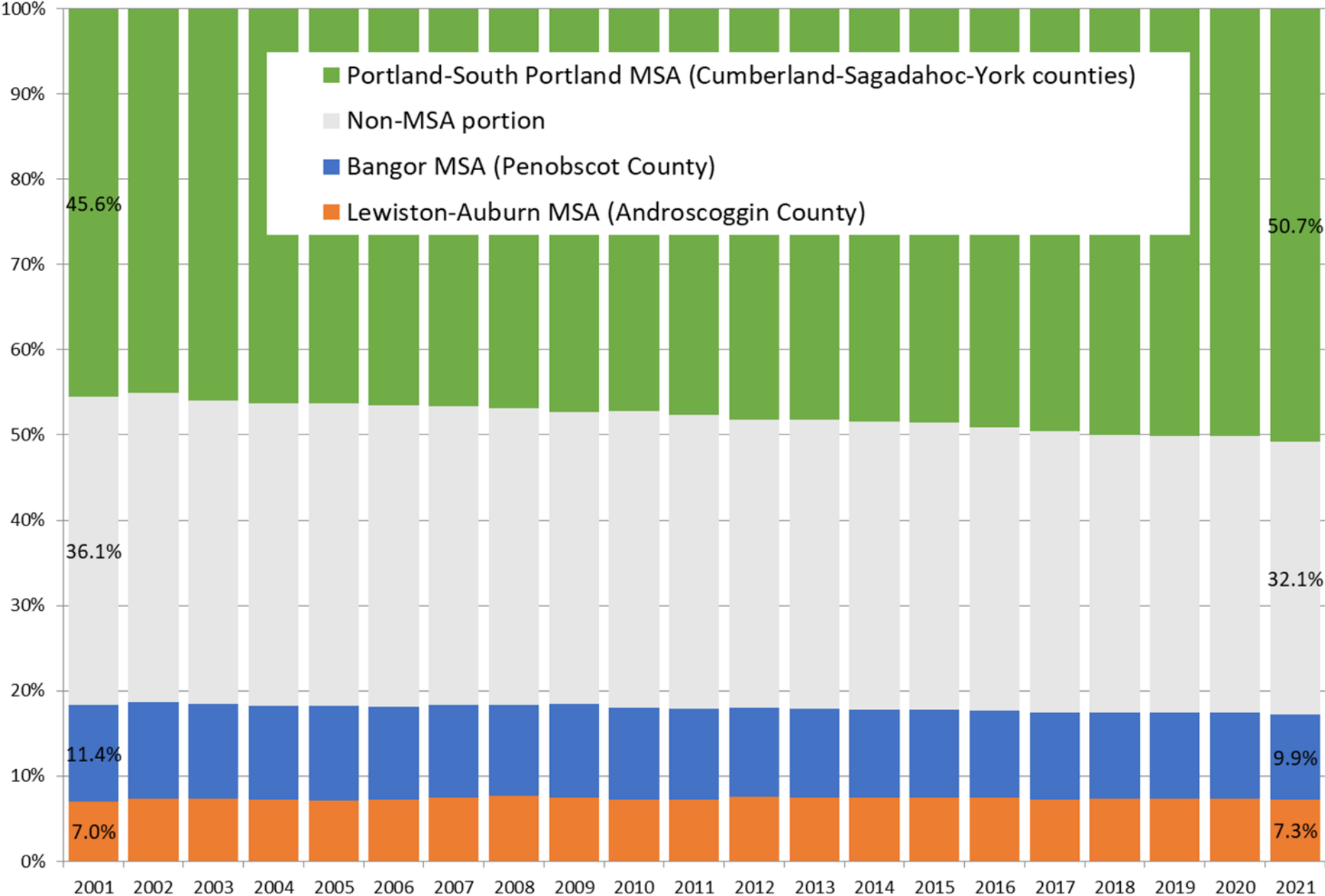
# Percent Change in Real Personal Income, Maine 2012-2021 and forecast to 2027



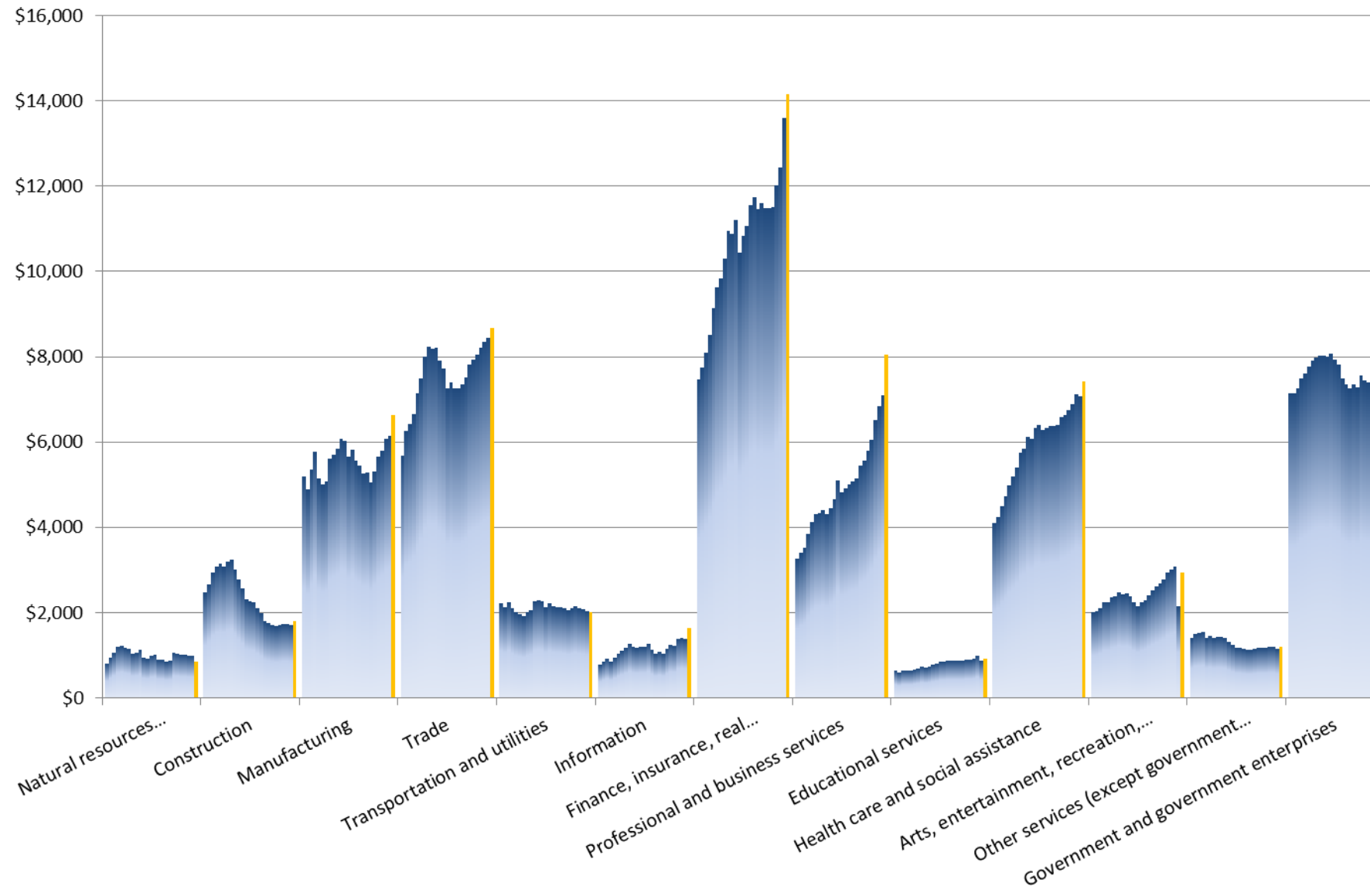
Median Household Income

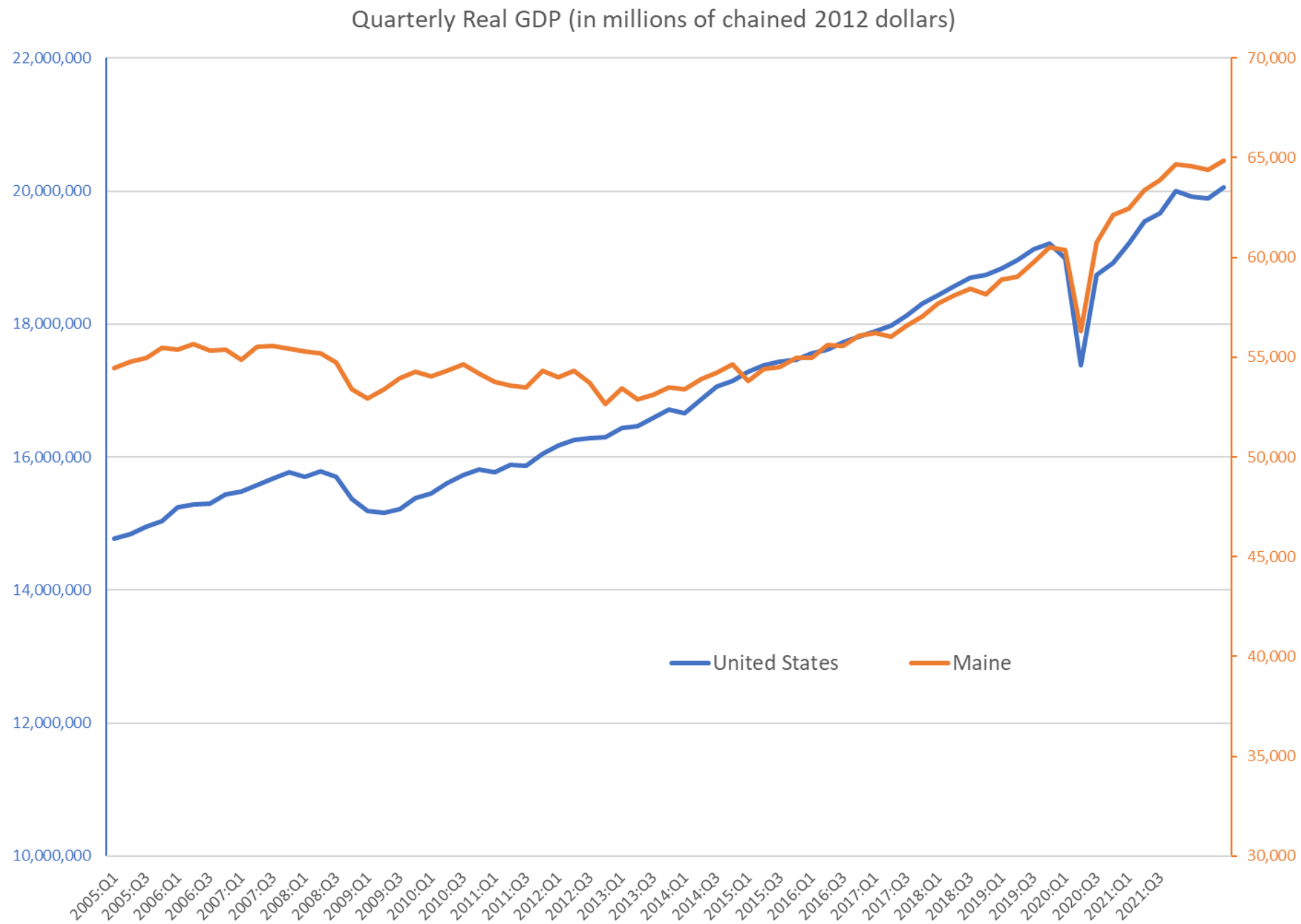


Share of Maine Real GDP by Metropolitan Area



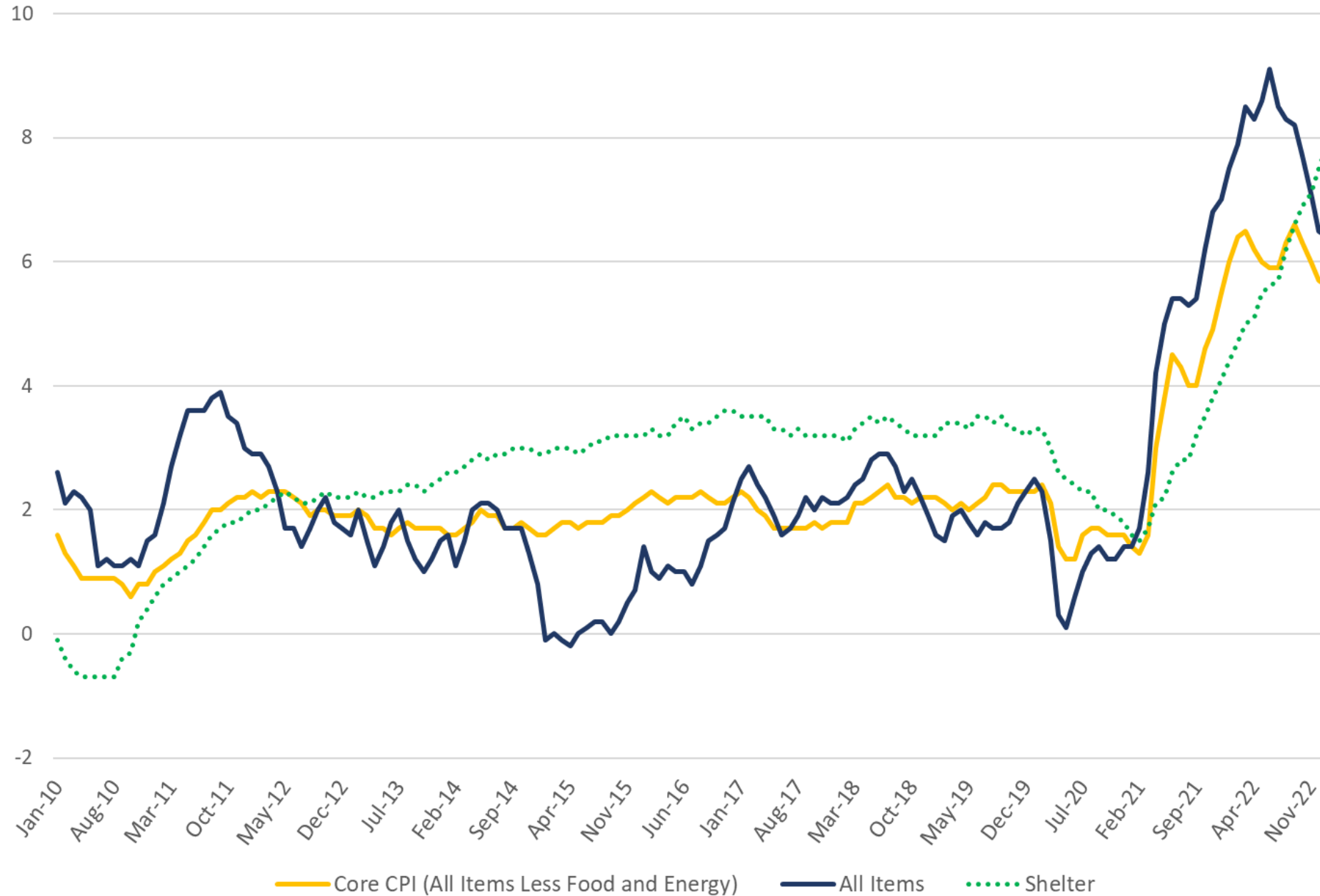
## Maine Real GDP by Industry, 1997-2021 (in millions of chained 2012 dollars)







## Year-over-year percent change in Consumer Price Index



Source: U.S. Bureau of Labor Statistics (CPI-U, 1982-84=100, not seasonally adjusted)

# What does this mean for interest rates?

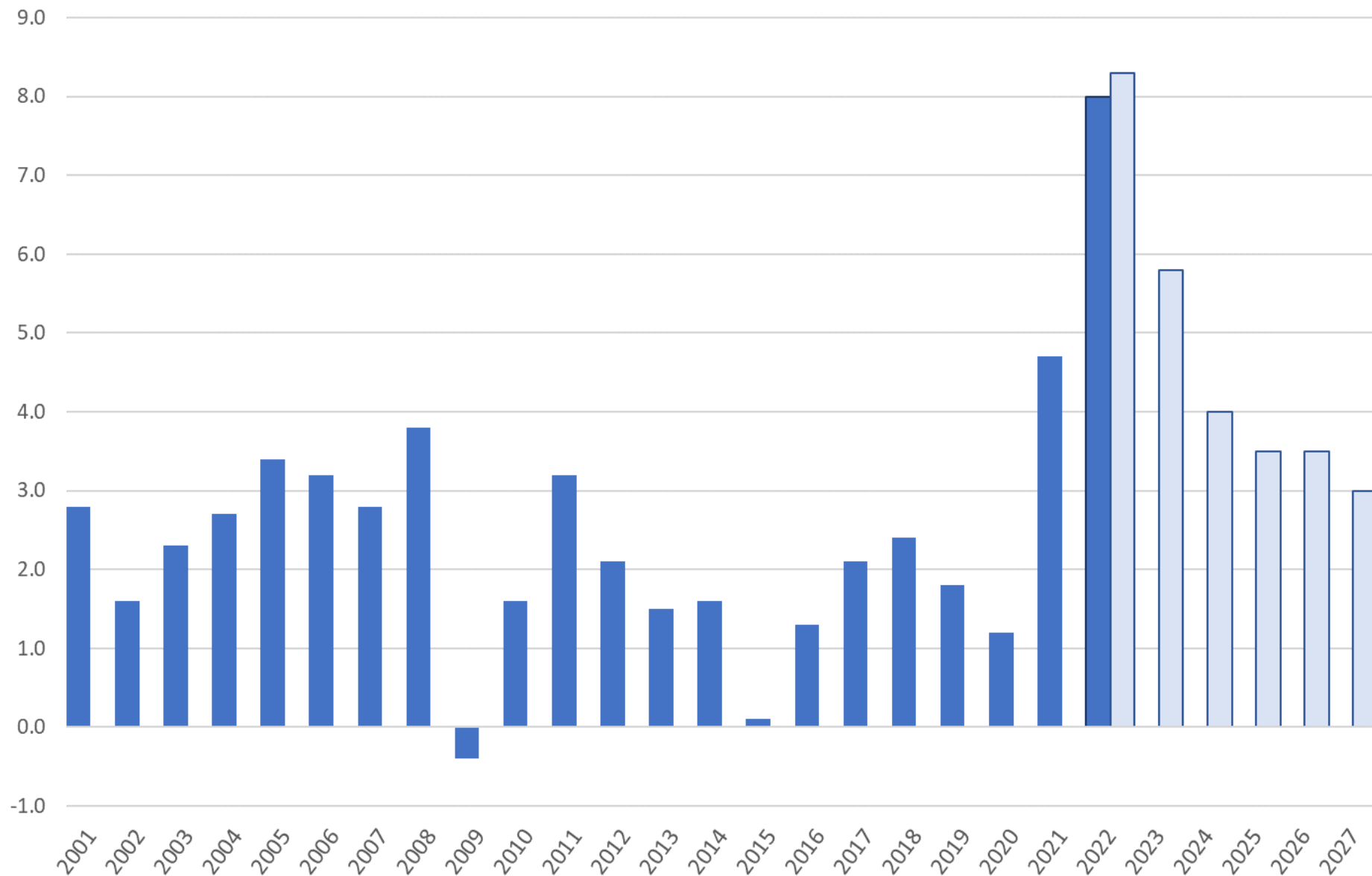
Current target range: 4.5% to 4.75%

“The Committee anticipates that ongoing increases in the target range will be appropriate in order to attain a stance of monetary policy that is sufficiently restrictive to return inflation to 2 percent over time. In determining the pace of future increases in the target range, the Committee will take into account the cumulative tightening of monetary policy, the lags with which monetary policy affects economic activity and inflation, and economic and financial developments.”

- Excerpt from February 1, 2023, Federal Open Market Committee statement

- Range of December FOMC projections for federal funds rate for 2023 was 4.9-5.6 percent, implying ongoing increases early this year

## Year-over-year percent change in Consumer Price Index; 2001-2022 historical and 2022-2027 forecast

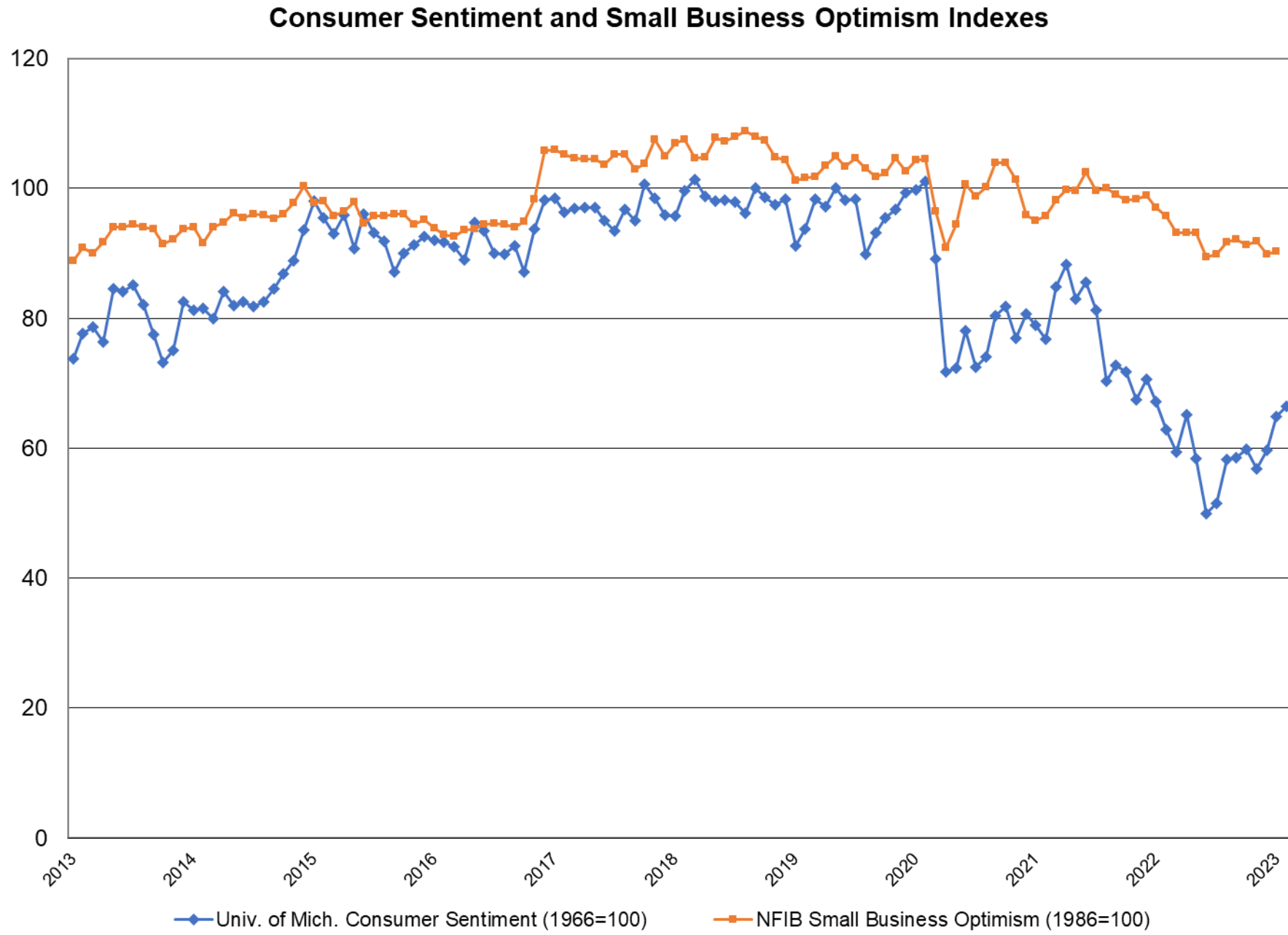


Sources: U.S. Bureau of Labor Statistics (CPI-U, 1982-84=100, seasonally adjusted);  
CEFC report, November 1, 2022

Daily Europe Brent Spot Price (\$ per barrel)



Inflation has been a major contributor to the downward trend in small business and consumer sentiment over the past 18 months; as inflation has eased, consumer confidence has improved, but remains low



Sources: University of Michigan Survey of Consumers and NFIB Small Business Optimism Index

# How much is Maine at risk and how well-positioned are we to deal with the results?

- High energy prices are troubling, especially in the winter heating season; \$450 relief checks should help
- Ongoing roll-out of funds from Maine Jobs and Recovery Plan with targeted investments based on 10-year Economic Development Strategy

The Budget  
Stabilization  
Fund is at a  
record level of  
around \$900  
million

# Workforce considerations

- Migration: will the trends continue?
  - *Remote work*: here to stay, but hybrid situations are geographically limiting
  - *Housing*: limited availability and unaffordability
  - *Dependent care*: limited availability and unaffordability
- Retirements: will some retirees rejoin the workforce?
- Wages: will the tight labor market continue to put upward pressure on wages?
- The Great Reshuffle: how does the search for “better” work pan out in the long run?
- Self-employment: are more workers choosing self-employment and gig work?
- Automation: will employers who struggle to find workers substitute with technology?

# Contact Information

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