MAINE
DEPARTMENT OF
LABOR
Labor Market Information

Labor Market Conditions in Maine Since 2000

March 2003

Labor Market Conditions in Maine Since 2000

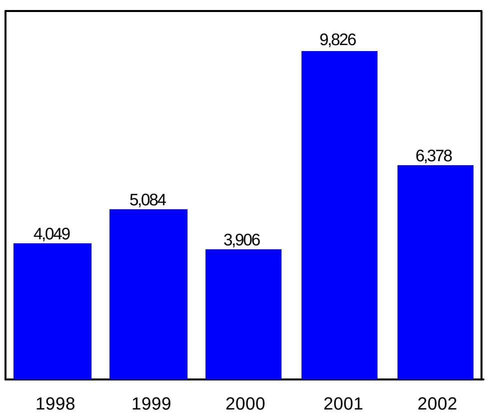
Population and Labor Force

The national recession has caused a great deal of worker dislocation in communities throughout Maine and the nation in the last two years as companies in a wide range of industries scaled back operations or closed as a result of declining demand for their products or services. Many Maine communities suffered the impact of layoffs or plant closures. The recent announcement that Great Northern Paper Company may not be able to re-open its mills in the Millinocket area and return 1,100 workers to their jobs is potentially the largest and most important event in terms of its impact on Maine's economy.

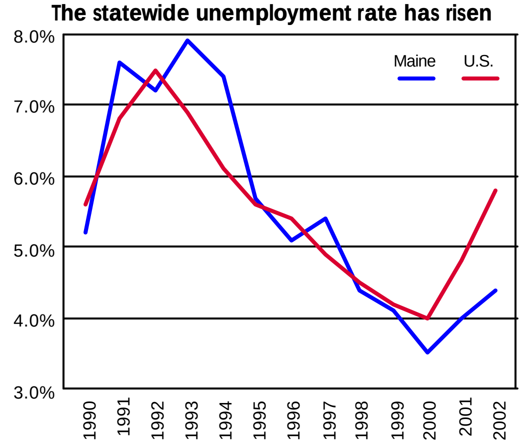
The number of worker dislocations reported to the Department of Labor increased in 2001 and 2002 from levels of previous years. The displacement of thousands of workers contributed to a rise in Maine's unemployment rate from a 55-year low of 3.5 percent in 2000 to 3.9 percent in 2001 and 4.4 percent in 2002. As bad as much of the news has been, Maine has fared better than much of the nation. Nationally, unemployment increased from 4.0 percent in 2000 to 4.8 percent in 2001 and 5.8 percent in 2002.

Between 2000 and 2002, unemployment rates increased in 14 of the 16 counties and declined in two counties. The largest rate increases were in York and Somerset counties, each of which was impacted by large plant closures. The unemployment rate declined in Franklin and Hancock counties.

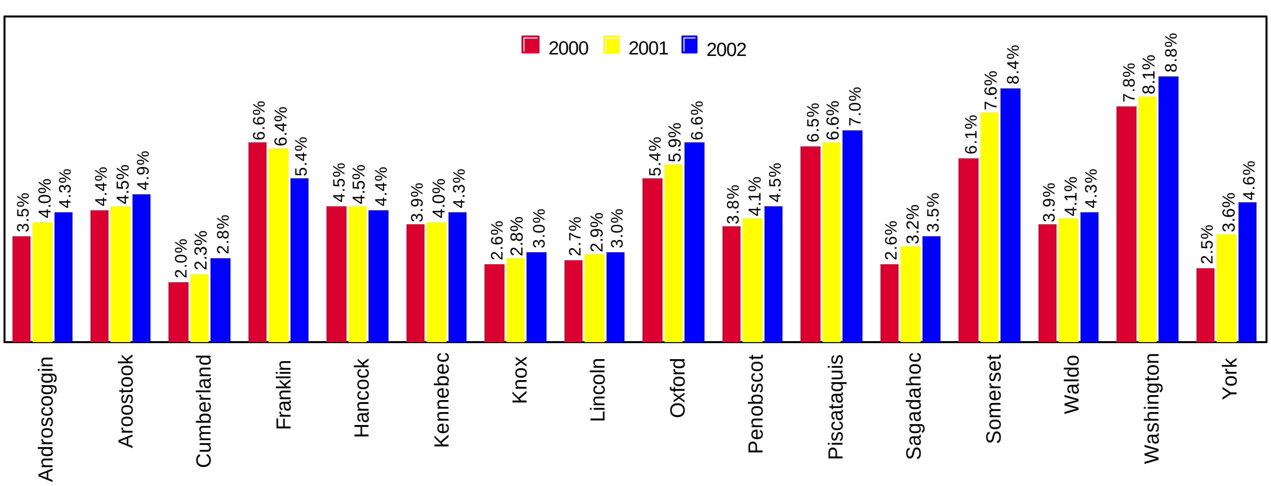
Worker dislocations reported to the Department of Labor have increased since 2000



The statewide unemployment rate has risen

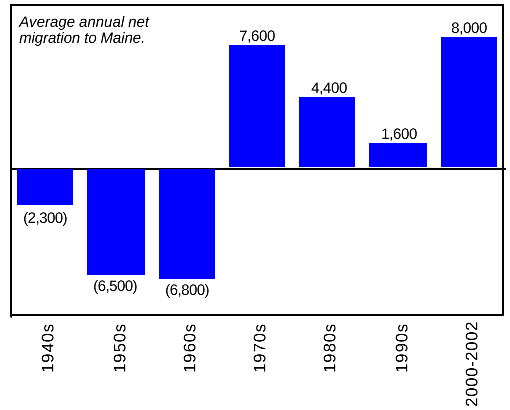


Unemployment rates rose in most counties



The environment today is very different than during the last recession in the early 1990s, which was much deeper and longer in Maine than in most states. In the early 1990s unemployment was higher than the national average. The bleak job situation caused a net out-migration (more people moving out of Maine than in) of thousands of people in the first half of the 1990s. A strong recovery in the second half of the 1990s reversed the situation as job growth accelerated, driving Maine's unemployment rate below the national average once again and spurring a net in-migration (more people moving in than out) of thousands to the state. The net in-migration continued in the first two years of the twenty-first century, averaging about 8,000 people per year between 2000 and 2002. The recent in-migration has been higher than at any time since the 1970s (there was a net out-migration in each decade between the 1940s and 1960s).

There has been an unusually large net in-migration of population to Maine since 2000

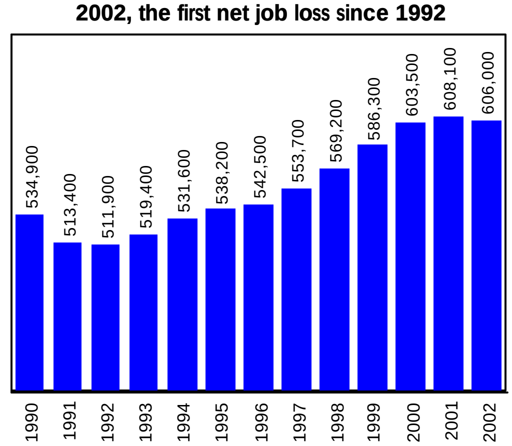


Despite the historically high net in-migration to Maine, population growth has lagged national growth since 2000, as it has for decades, due to an older-than-average population and lower-than-average birth rates.

Nonfarm Jobs

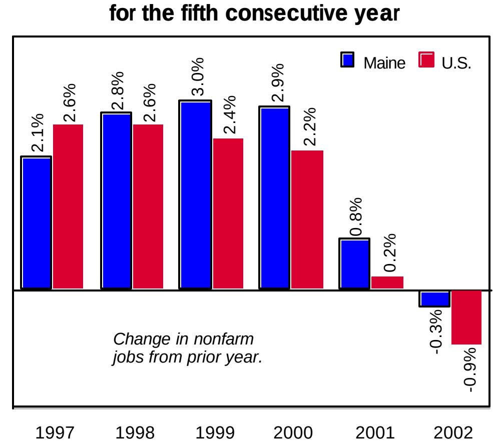
Despite slower-than-average population growth, nonfarm wage and salary job growth in Maine outstripped national growth between 1998 and 2001. As the recession set in, job growth dropped from an average of 16,600 net new jobs (1998 to 2000) to 4,600 in 2001. In 2002 Maine had a net loss of 2,100 jobs, the first net job loss since 1992. Nationally, the situation has been worse. The number of nonfarm jobs increased slightly in 2001, then declined by 1.1 million in 2002.

The number of nonfarm jobs declined in 2002, the first net job loss since 1992



Many industries have felt the impact of declining demand, but most of the job losses have been concentrated in goods-producing industries which shed 4,400 jobs in 2001 and 7,300 jobs in 2002. The job losses were mostly in manufacturing industries, especially in leather products and textile products, each of which has been in decline for many years. Losses were also recorded in computer and electronic components, wood products, and paper products, each of which tends to be highly cyclical.

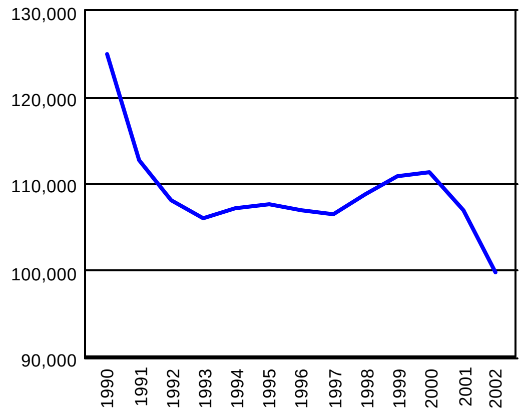
Maine outperformed the nation for the fifth consecutive year



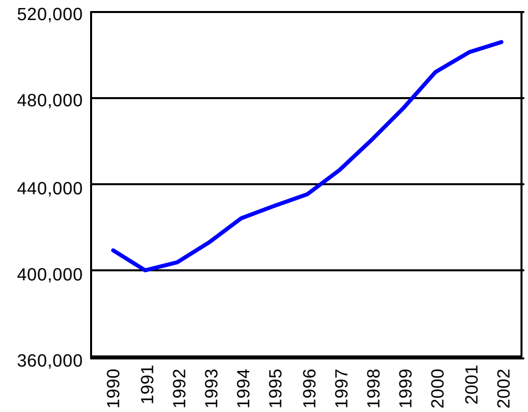
The construction industry faired unusually well during the recent recession. Construction is usually among the first industries to be adversely impacted and often among the hardest hit by slowing or declining levels of economic activity. Unlike the early 1990s recession which wiped out more than one third of all construction jobs over a five-year period, the number of construction jobs in 2002 was unchanged from 2000, rising slightly in 2001, and dropping by a similar amount in 2002. Low mortgage interest rates and other factors have helped to stabilize and prop up the level of construction in recent years.

Job growth in service-providing industries has continued since 2000, though at a slower rate than in the second half of the 1990s. Service-providing industries created 9,000 net new jobs in 2001 and 5,200 in 2002. Job growth was largely concentrated in educational services, health care, social assistance, accommodation and food services, finance, and local government (see table for a breakdown of the number of jobs in each industry, along with the net and percent change in jobs).

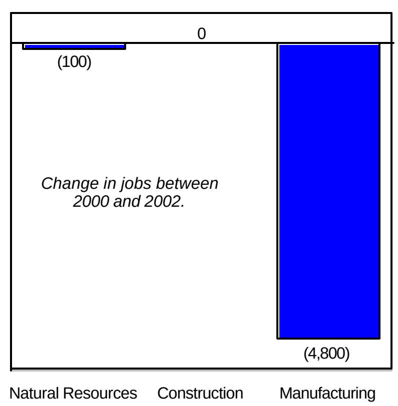
The number of goods-producing sector jobs has plunged since 2000



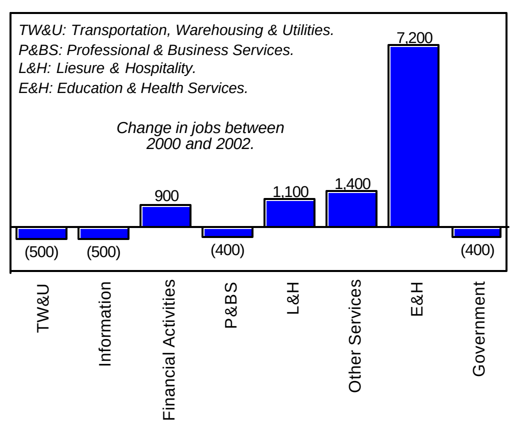
Service-providing sector job growth continued through 2002, but at a slower rate



Goods-producing job loss was mostly in manufacturing



Service-providing job growth has mostly been in education and health services industries

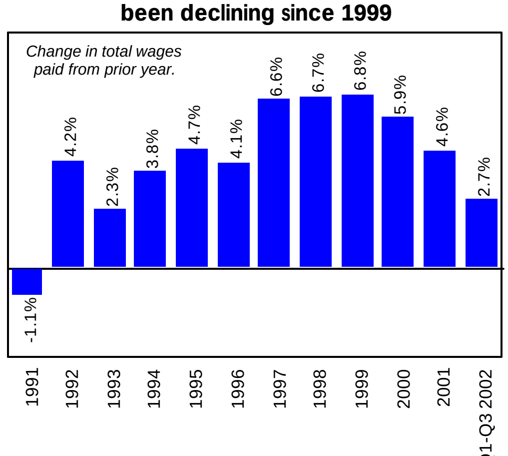


Wages

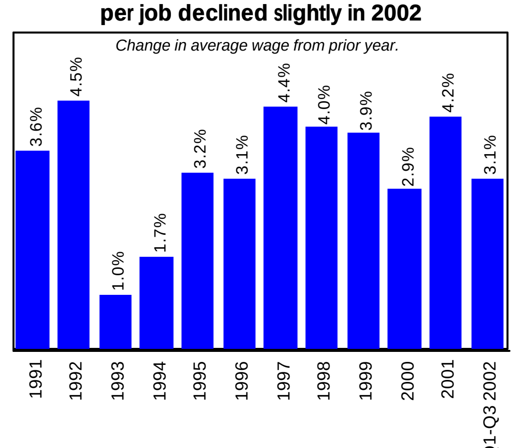
Growth in total wages paid has slowed significantly since 1999, mostly due to slowing job growth, but partly due to many displaced workers settling for lower paying jobs after not being able to find jobs at pay levels comparable to their prior employment. Much of the recent worker displacement has been in industries with higher-than-average wages and much of the job growth has been in industries with lower-than-average wages.

The average wage in the first nine months of 2002 was up about three percent from the same period in 2001. Average wage growth in 2002 was down from gains of the prior five years, but higher than the small gains recorded in the early 1990s recession.

Growth in total wages paid has been declining since 1999



Growth in average wages paid per job declined slightly in 2002



Average Annual Employment by Industry in Maine, 2000 to 2002
(in thousands)

Industry	Employment			Change			
				2000 to 2001		2001 to 2002	
	2000	2001	2002	Net	Percent	Net	Percent
Nonfarm Wage and Salary Employment	**603.5**	**608.1**	**606.1**	**4.6**	**0.8%**	**-2.0**	**-0.3%**
Total Private	**503.9**	**506.1**	**503.2**	**2.2**	**0.4%**	**-2.9**	**-0.6%**
Goods Producing	**111.5**	**107.1**	**99.8**	**-4.4**	**-3.9%**	**-7.3**	**-6.8%**
Service Providing	**492.0**	**501.0**	**506.3**	**9.0**	**1.8%**	**5.3**	**1.1%**
Natural Resources and Mining	**2.7**	**2.7**	**2.6**	**0.0**	**0.0%**	**-0.1**	**-3.7%**
Logging	2.6	2.5	2.4	-0.1	-3.5%	-0.1	-4.0%
Construction	**29.2**	**29.8**	**29.2**	**0.6**	**2.0%**	**-0.6**	**-2.0%**
Construction of Buildings	7.9	7.5	7.6	-0.4	-4.7%	0.1	1.3%
Heavy and Civil Engineering Construction	4.0	4.0	3.8	0.0	-0.2%	-0.2	-5.0%
Specialty Trade Contractors	17.3	18.3	17.9	1.0	5.5%	-0.4	-2.2%
Building Equipment Contractors	7.0	7.3	6.8	0.4	5.0%	-0.5	-6.8%
Manufacturing	**79.5**	**74.6**	**68.0**	**-4.9**	**-6.2%**	**-6.6**	**-8.8%**
Durable Goods	**40.6**	**39.1**	**35.8**	**-1.5**	**-3.8%**	**-3.3**	**-8.4%**
Wood Product Manufacturing	7.9	7.2	6.7	-0.7	-8.4%	-0.5	-6.9%
Computer and Electronic Product Manufacturing	6.7	5.8	4.7	-0.9	-13.8%	-1.1	-19.0%
Semiconductor and Other Electonic Component Mfg.	4.8	4.0	3.1	-0.8	-16.7%	-0.9	-22.5%
Transportation Equipment Manufacturing	9.8	10.5	10.3	0.7	7.1%	-0.2	-1.9%
Non-Durable Goods	**38.9**	**35.5**	**32.2**	**-3.4**	**-8.7%**	**-3.3**	**-9.3%**
Textile Mill Products	5.5	4.8	4.3	-0.7	-12.7%	-0.5	-10.4%
Leather and Allied Product Manufacturing	5.2	4.0	2.7	-1.2	-23.6%	-1.3	-32.5%
Paper Manufacturing	12.9	12.3	11.7	-0.6	-4.3%	-0.6	-4.9%
Trade, Transportation, and Utilities	**122.7**	**123.6**	**123.9**	**0.9**	**0.7%**	**0.3**	**0.2%**
Wholesale Trade	**19.5**	**20.2**	**20.1**	**0.7**	**3.4%**	**-0.1**	**-0.5%**
Durable Goods	9.2	9.4	9.4	0.2	2.1%	0.0	0.0%
Nondurable Goods	8.1	8.2	8.0	0.1	1.2%	-0.2	-2.4%
Retail Trade	**85.6**	**86.2**	**86.7**	**0.6**	**0.7%**	**0.5**	**0.6%**
Motor Vehicle and Parts Dealers	10.3	10.2	10.5	-0.1	-0.5%	0.3	2.9%
Food and Beverage Stores	19.0	19.2	19.3	0.2	1.2%	0.1	0.5%
General Merchandise Stores	11.9	11.7	11.9	-0.2	-1.7%	0.2	1.7%
Nonstore Retailers	8.6	8.6	7.8	0.0	0.0%	-0.8	-9.3%
Transportation, Warehousing, and Utilities	**17.6**	**17.2**	**17.1**	**-0.4**	**-2.2%**	**-0.1**	**-0.6%**
Utilities	2.3	2.2	2.2	-0.1	-4.0%	0.0	0.0%
Transportation and Warehousing	15.3	14.9	14.9	-0.4	-2.6%	0.0	0.0%
Information	**12.1**	**12.2**	**11.6**	**0.1**	**0.6%**	**-0.6**	**-4.9%**
Publishing Industries	3.8	3.6	3.4	-0.2	-4.4%	-0.2	-5.6%
Financial Activities	**34.1**	**35.1**	**34.9**	**1.0**	**3.0%**	**-0.2**	**-0.6%**

Average Annual Employment by Industry in Maine, 2000 to 2002 *(in thousands)*							
Industry	**Employment**			**Change**			
				2000 to 2001		**2001 to 2002**	
	2000	**2001**	**2002**	**Net**	**Percent**	**Net**	**Percent**
Finance and Insurance	27.6	28.6	28.4	1.0	3.6%	-0.2	-0.7%
Insurance Carriers and Related Activities	12.6	12.9	12.7	0.3	2.5%	-0.2	-1.6%
Insurance Carriers	8.9	9.3	9.0	0.4	4.7%	-0.3	-3.2%
Real Estate and Rental and Leasing	6.5	6.5	6.6	0.0	0.4%	0.1	1.5%
Professional and Business Services	**51.8**	**51.8**	**51.4**	**0.0**	**0.0%**	**-0.4**	**-0.8%**
Professional, Scientific, and Technical Services	22.3	23.1	22.6	0.8	3.7%	-0.5	-2.2%
Management of Companies	6.1	6.1	6.3	0.0	0.5%	0.2	3.3%
Administrative and Support and Waste Management	23.5	22.6	22.6	-0.9	-3.8%	0.0	0.0%
Education and Health Services	**97.5**	**100.7**	**104.7**	**3.2**	**3.3%**	**4.0**	**4.0%**
Educational Services	15.7	16.7	17.5	1.0	6.5%	0.8	4.8%
Health Care and Social Assistance	81.8	84.0	87.2	2.2	2.7%	3.2	3.8%
Ambulatory Health Care Services	22.5	23.1	23.7	0.6	2.6%	0.6	2.6%
Hospitals	24.0	24.2	25.4	0.3	1.0%	1.2	5.0%
Nursing and Residential Care Facilities	21.0	21.6	22.3	0.6	2.7%	0.7	3.2%
Social Assistance	14.3	15.0	15.8	0.7	5.0%	0.8	5.3%
Leisure and Hospitality	**55.9**	**56.5**	**57.0**	**0.6**	**1.0%**	**0.5**	**0.9%**
Arts, Entertainment, and Recreation	7.6	7.6	7.9	0.0	0.4%	0.3	3.9%
Accomodation and Food Services	48.4	48.9	49.1	0.5	1.1%	0.2	0.4%
Accommodation	10.8	11.0	10.8	0.2	2.2%	-0.2	-1.8%
Food Services and Drinking Places	37.6	37.9	38.3	0.3	0.8%	0.4	1.1%
Other Services	**18.3**	**19.1**	**19.7**	**0.8**	**4.2%**	**0.6**	**3.1%**
Repair and Maintenance	5.1	5.1	5.1	0.0	-0.6%	0.0	0.0%
Government	**99.6**	**102.0**	**102.9**	**2.4**	**2.4%**	**0.9**	**0.9%**
Federal	14.3	13.9	13.9	-0.4	-2.9%	0.0	0.0%
State	26.7	27.5	28.1	0.8	2.8%	0.6	2.2%
Local	58.5	60.6	60.8	2.1	3.6%	0.2	0.3%

Some numbers may not add due to rounding.