

2007

2006 Year-End Maine Labor Market Review

Maine Department of Labor

Maine Center for Workforce Research and Information

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Recommended Citation

Maine Department of Labor and Maine Center for Workforce Research and Information, "2006 Year-End Maine Labor Market Review" (2007). *Center for Workforce Research and Information Documents*. Paper 87.
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2006 Year-End Maine Labor Market Review

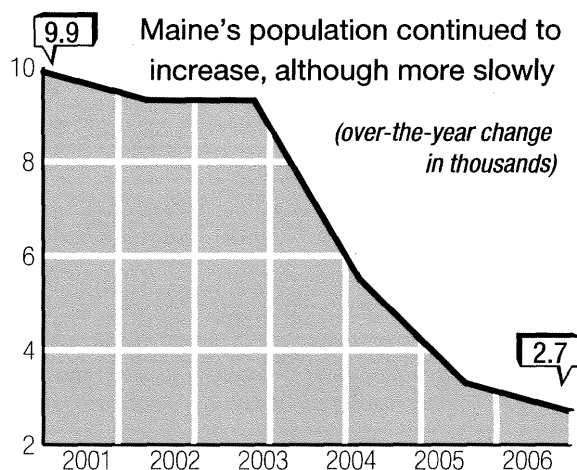
*Prepared by the
Center for Workforce Research and Information*

Year-End Maine Labor Market Review

Population Gains Continued at a Reduced Rate

Population growth in Maine has slowed during the course of this decade, likely due in part to the slowly growing economy. The Census Bureau estimated that the Maine population increased by 9,900 between 2000 and 2001, with dwindling over-the-year gains to an estimated increase of 2,700 between 2005 and 2006.

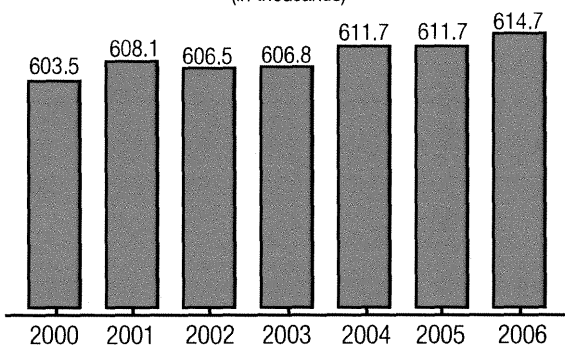
The slowdown in population growth in Maine between 2000 and 2006 was due to a declining level of net in-migration. Preliminary data (not reconciled to revised totals) shows that, between 2000 and 2001, the Census Bureau estimated that Maine had a net in-migration of 11,000; the estimate for 2005 to 2006 was a net in-migration of 1,900.



Gross State Product up 1.9 Percent in 2006

Concurrent with slowing population growth, the rate of economic growth in Maine has failed to keep up with the national growth rate. Maine gross state product (the most comprehensive measure of economic activity) increased by 10.6 percent between 2000 and 2005. This was a faster rate of growth than the increase of 8.1 percent for New England but below the national growth rate of 12.1 percent. Between 2005 and 2006, the Maine growth rate of 1.9 percent slipped below the New England (2.5 percent) and national (3.4 percent) growth rates.

Maine Nonfarm Wage and Salary Jobs Rose by 3,000 between 2005 and 2006 (in thousands)

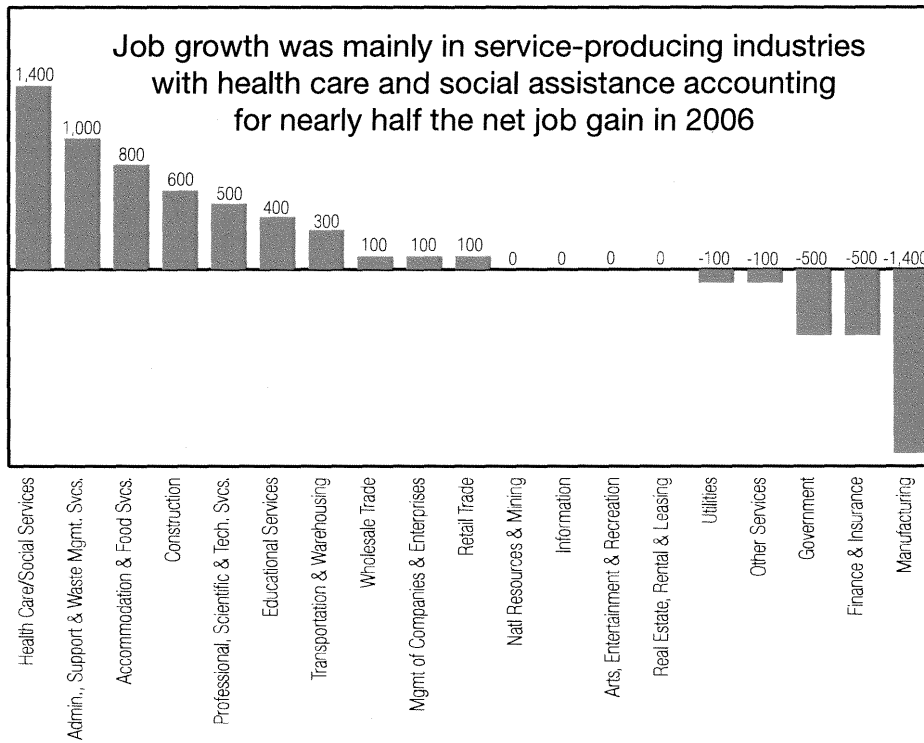


Nonfarm Job Gains Led by Service-Producing Industries

Maine's economy created 3,000 net new nonfarm wage and salary jobs in 2006, as the average annual number of jobs increased to 614,700. This was an improvement from 2005 when the number of nonfarm jobs was unchanged from the prior year, but the 0.5 percent rate of job growth in 2006 was well below the national rise of 1.8 percent.

Service-providing industries continued a long-term pattern of growth, adding 3,000 net new jobs, primarily in the health care and social assistance (+1,400); administrative, support, and waste management services (+1,000); accommodation and food services (+800); and professional, scientific, and technical services (+500) industries.

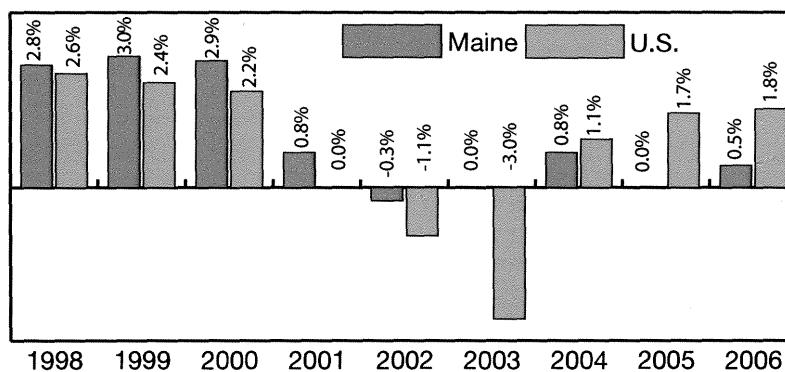
Goods-producing industries continued their downward trend, shedding 700 net jobs in 2006. The job losses were primarily in the manufacturing sector, which declined for the eighth consecutive year. The largest manufacturing job losses were in the paper (-600) and wood products (-400) manufacturing industries. The construction industry added 600 jobs.



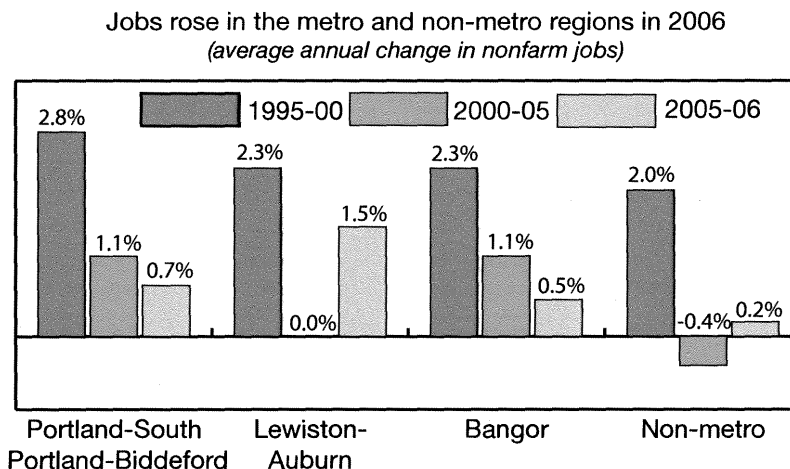
Among the three metropolitan areas, the Lewiston-Auburn area posted the fastest job growth in 2006 at 1.5 percent, followed by the Portland-South Portland-Biddeford area with 0.7 percent growth and the Bangor area with a job gain of 0.5 percent despite the Georgia Pacific paper mill closure in Old Town. Jobs in nonmetropolitan areas (the rest of the state) were up 0.2 percent, even though Bank of America closed several call centers in rural communities.

Taking a longer-term perspective, 2006 was the third consecutive year the rate of nonfarm job growth in Maine lagged the national rate. Prior to 2004, Maine had outperformed the nation for six straight years.

After six consecutive years of outperforming the nation, Maine nonfarm job growth has lagged national growth each of the last three years



The job gain in non-metro areas in 2006 was only the second in the last five years. The disparity in growth between metro and non-metro areas increased after the 1990s. Between 2000 and 2006, nonfarm jobs were up 5.4 percent in metro areas compared to a 1.4 percent decline in non-metro areas. As a result of the growth disparity, nearly half of all nonfarm jobs in Maine are now in the three metropolitan areas.



Between 2005 and 2006 the Maine Labor Force Continued to Grow

Overall, the number of Maine residents working or looking for work increased by 7,500 between 2005 and 2006 as the civilian labor force participation rate edged up from 66.6 percent for 2005 to 66.8 percent for 2006.

The number of Maine residents employed increased up by 8,700 between 2005 and 2006. Net employment gains between 2005 and 2006 were recorded by individuals aged 20 to 24, 45 to 54, and 55 to 64. An employment loss was recorded over the year by individuals aged 35 to 44. This most likely was due to net out-migration by this age group and aging of the baby boomers.

The unemployment rate for Maine edged down from 4.8 percent in 2005 to 4.6 percent in 2006. The number of unemployed fell by 1,200. There were slight declines in unemployment among most of the age groups between 2005 and 2006. Among those unemployed filing for unemployment insurance during 2006, there was a 1.8 percent decline from 2005 in the number receiving benefits and a 13.9 percent drop in the number of benefit exhaustees. The average duration for unemployment benefit payees also was lower, falling from 14.7 weeks in 2005 to 14.1 weeks in 2006.