

Workforce Trends & Outlook in Maine

Presented to

**Innovation, Development, Economic
Advancement & Business Committee**

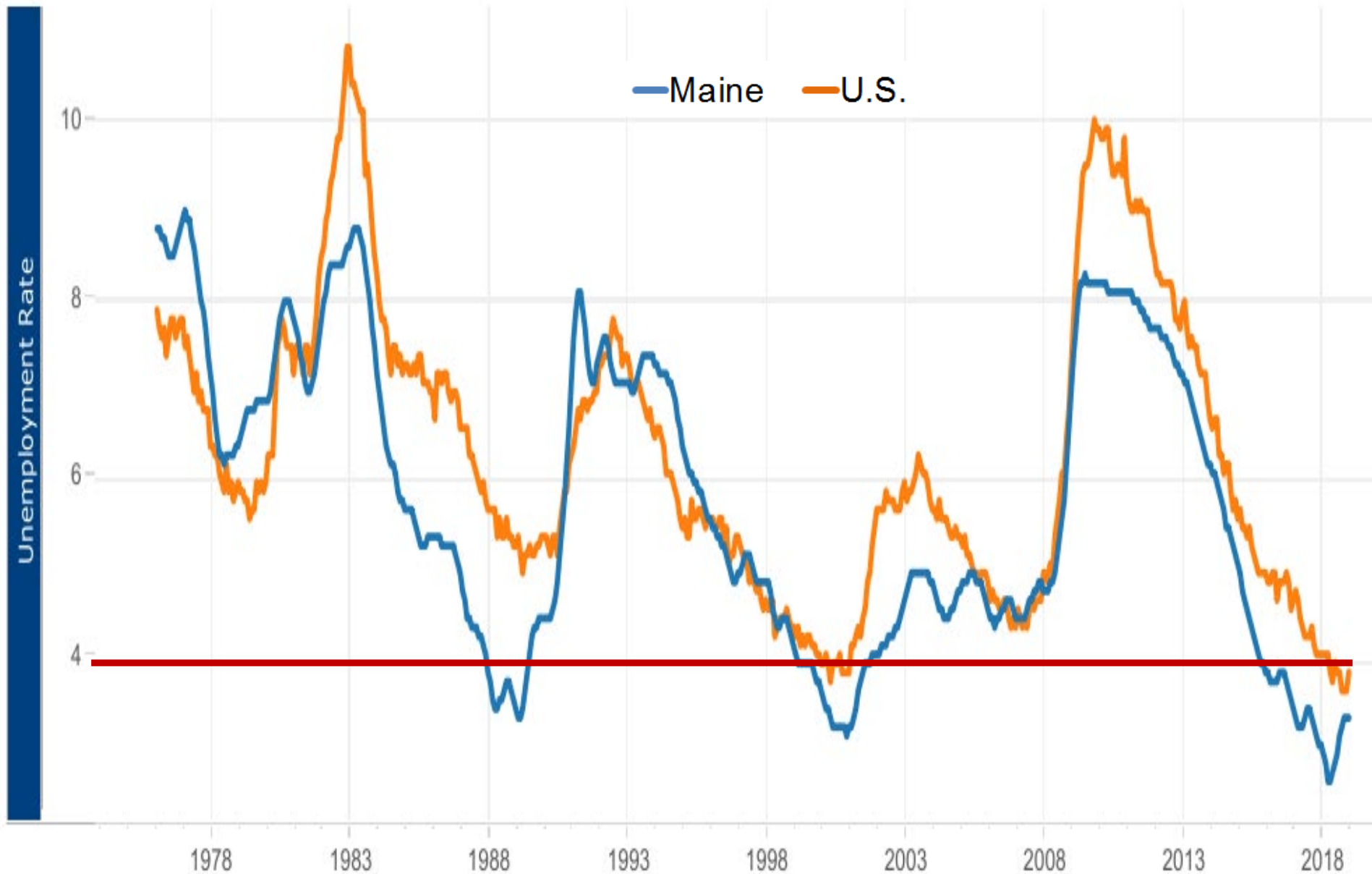
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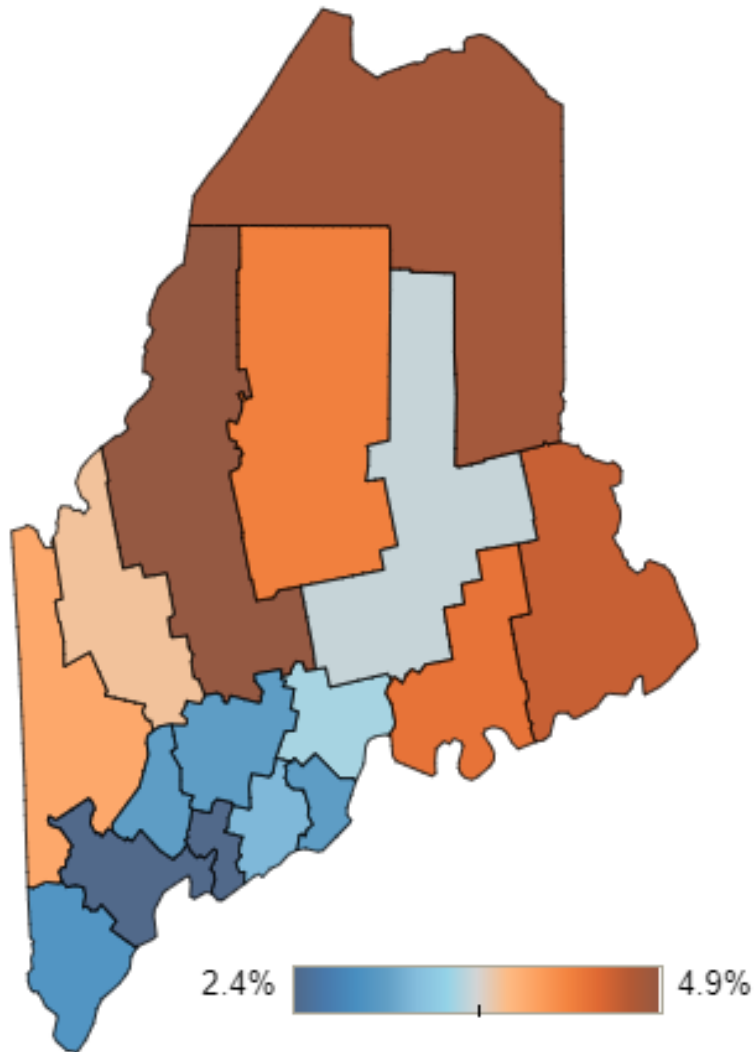
Conditions & Trends

The unemployment rate is historically low,
below 4% for a record 37 consecutive months



Unemployment rates are lowest along the south coast and highest in the north, continuing a longstanding pattern

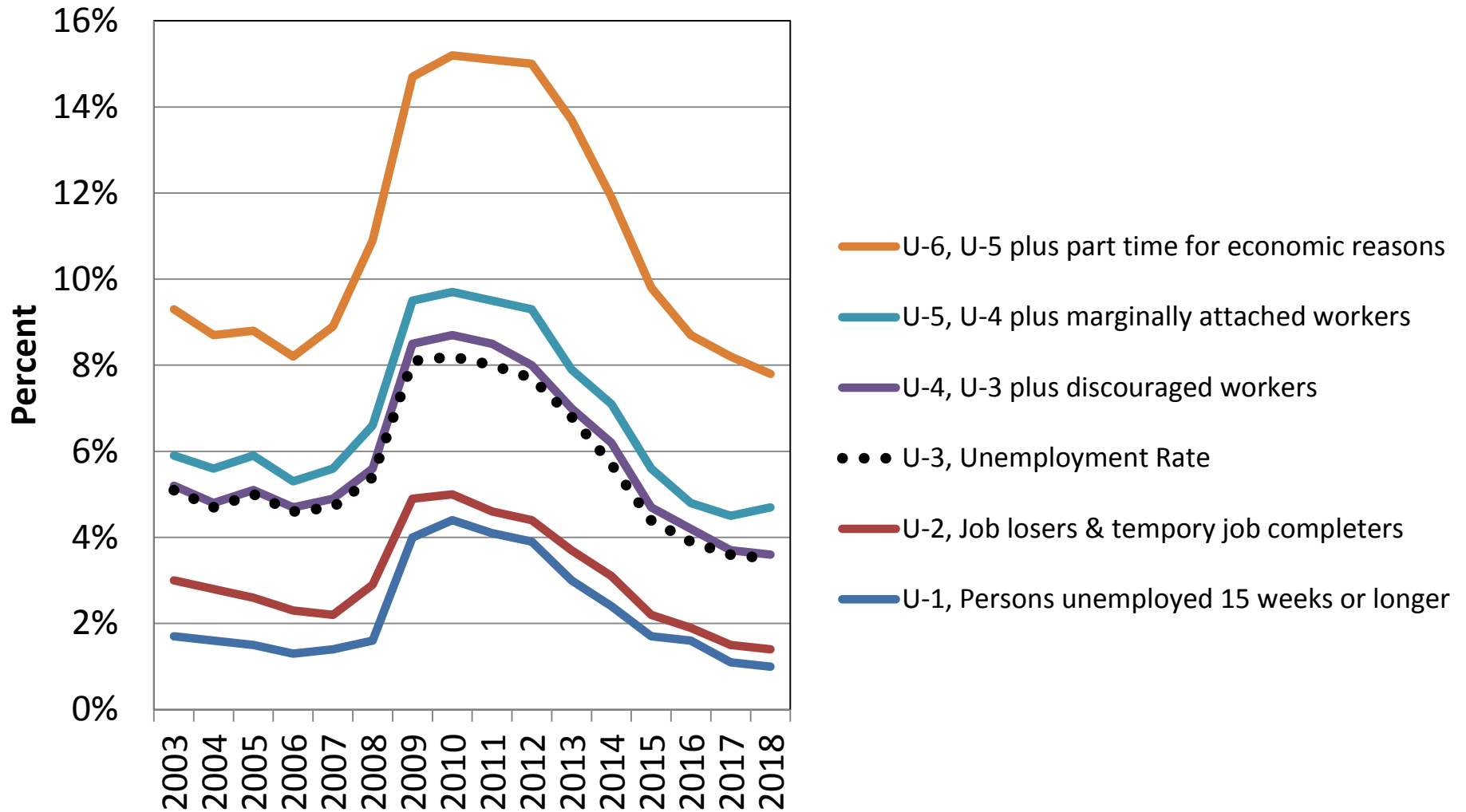
Unemployment Rates, December 2018



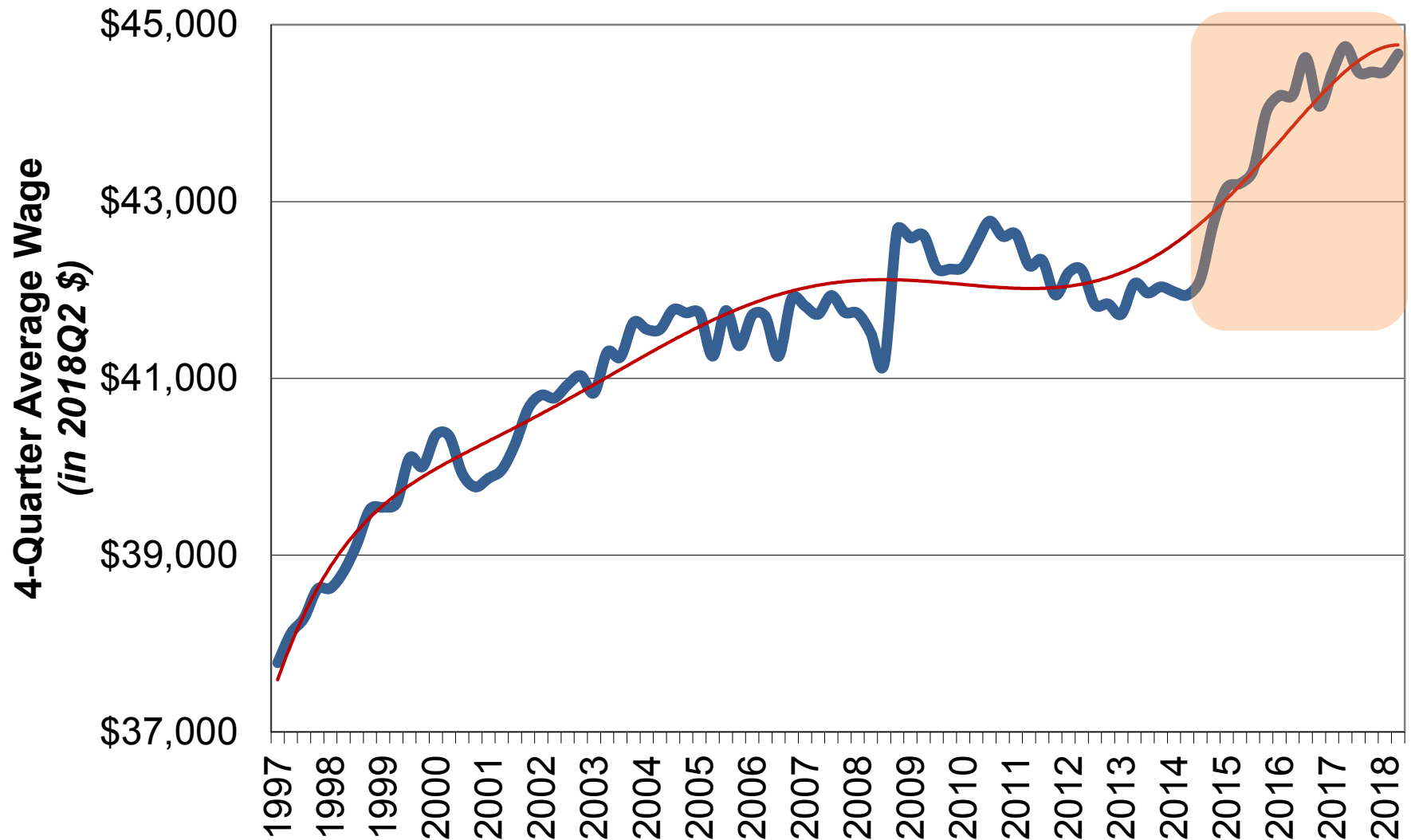
County	Rate	Year ago
Maine	3.2%	2.6%
Androscoggin Cty	3.0%	2.4%
Aroostook Cty	4.8%	4.1%
Cumberland Cty	2.4%	1.9%
Franklin Cty	3.8%	2.9%
Hancock Cty	4.4%	3.8%
Kennebec Cty	3.0%	2.5%
Knox Cty	3.0%	2.6%
Lincoln Cty	3.2%	2.7%
Oxford Cty	4.0%	3.1%
Penobscot Cty	3.6%	2.9%
Piscataquis Cty	4.3%	3.3%
Sagadahoc Cty	2.4%	2.0%
Somerset Cty	4.9%	3.9%
Waldo Cty	3.5%	2.8%
Washington Cty	4.6%	3.7%
York Cty	2.9%	2.4%

The unemployment rate is one of six measures of labor “underutilization.” 5 of 6 are the lowest on record and lower than national averages.

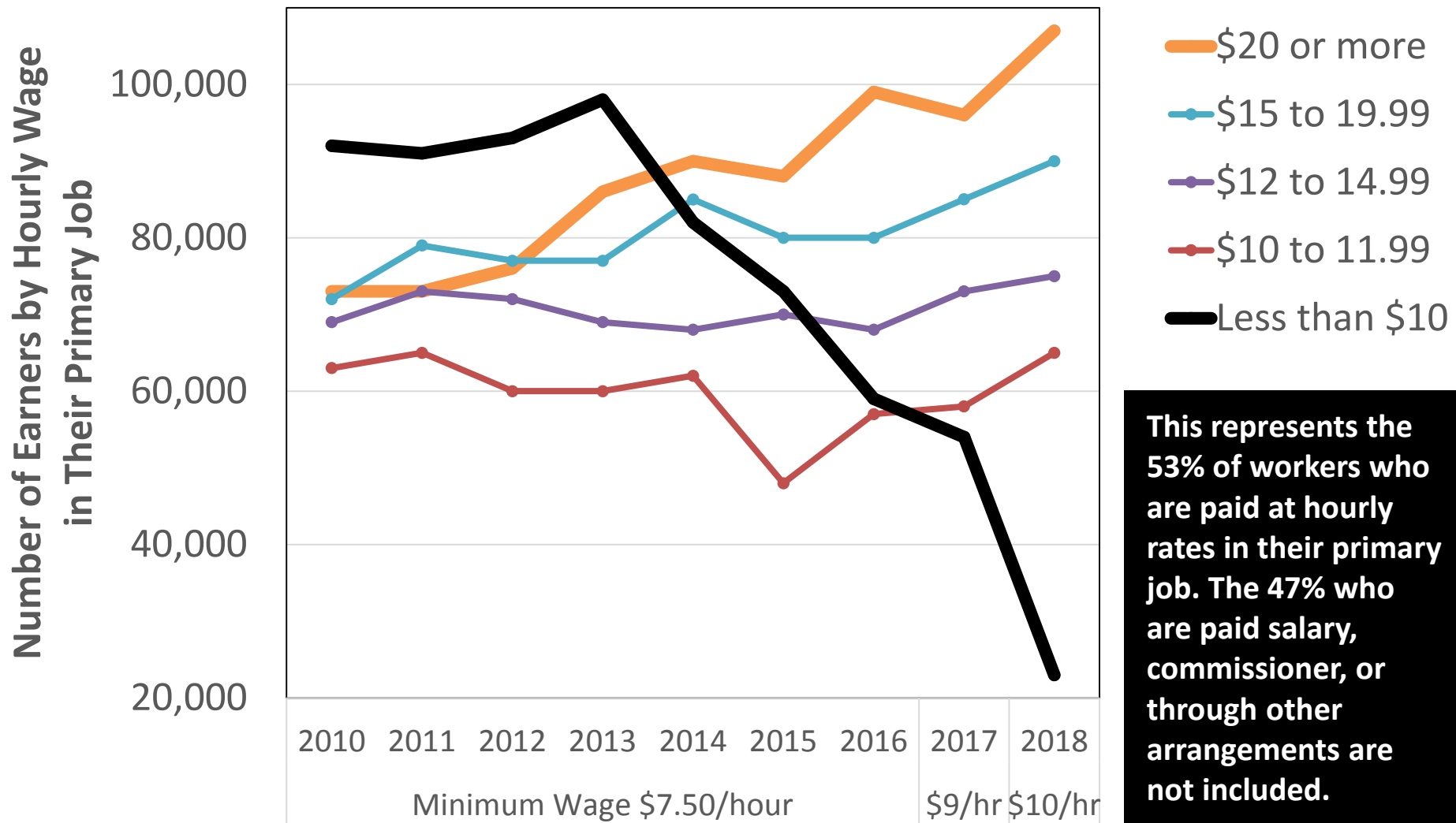
Alternative Measures of Labor Undertilization - Maine



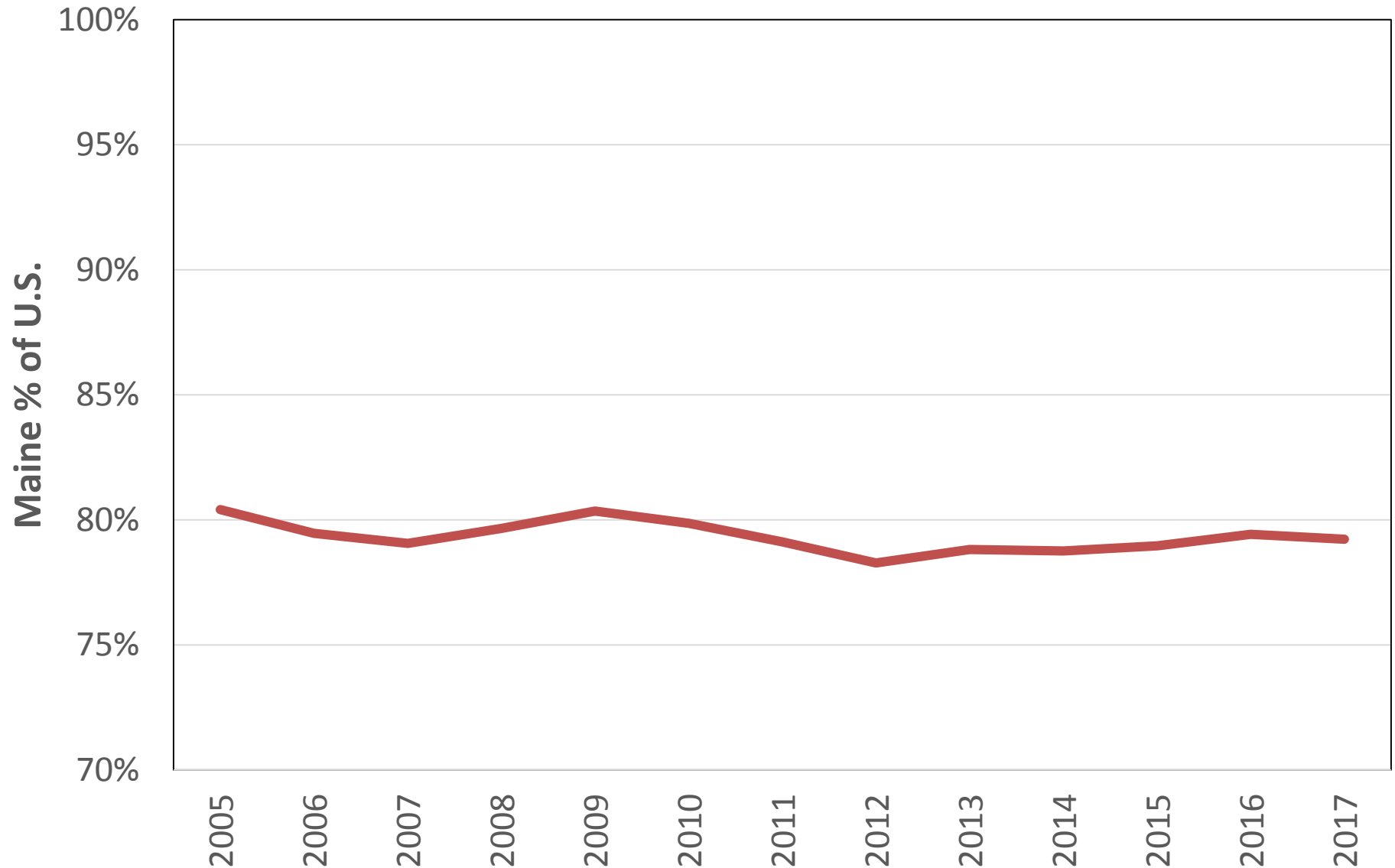
The tightening labor market drove inflation-adjusted average wages up over the last four years at the fastest rate in nearly two decades



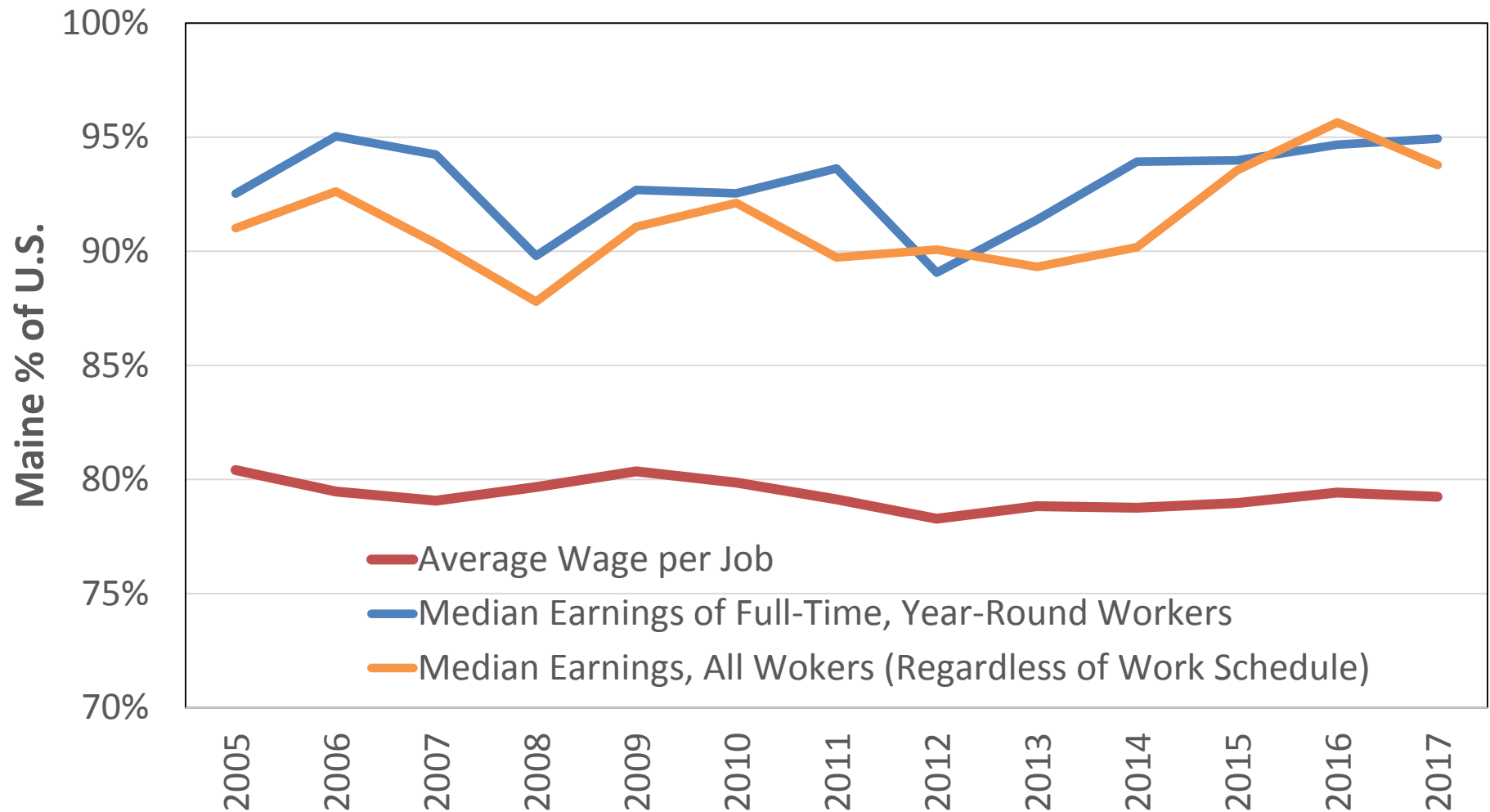
The number of people earning less than \$10 per hour declined sharply over the last five years, reflecting more competitive labor market conditions...and in 2018, the minimum wage increase



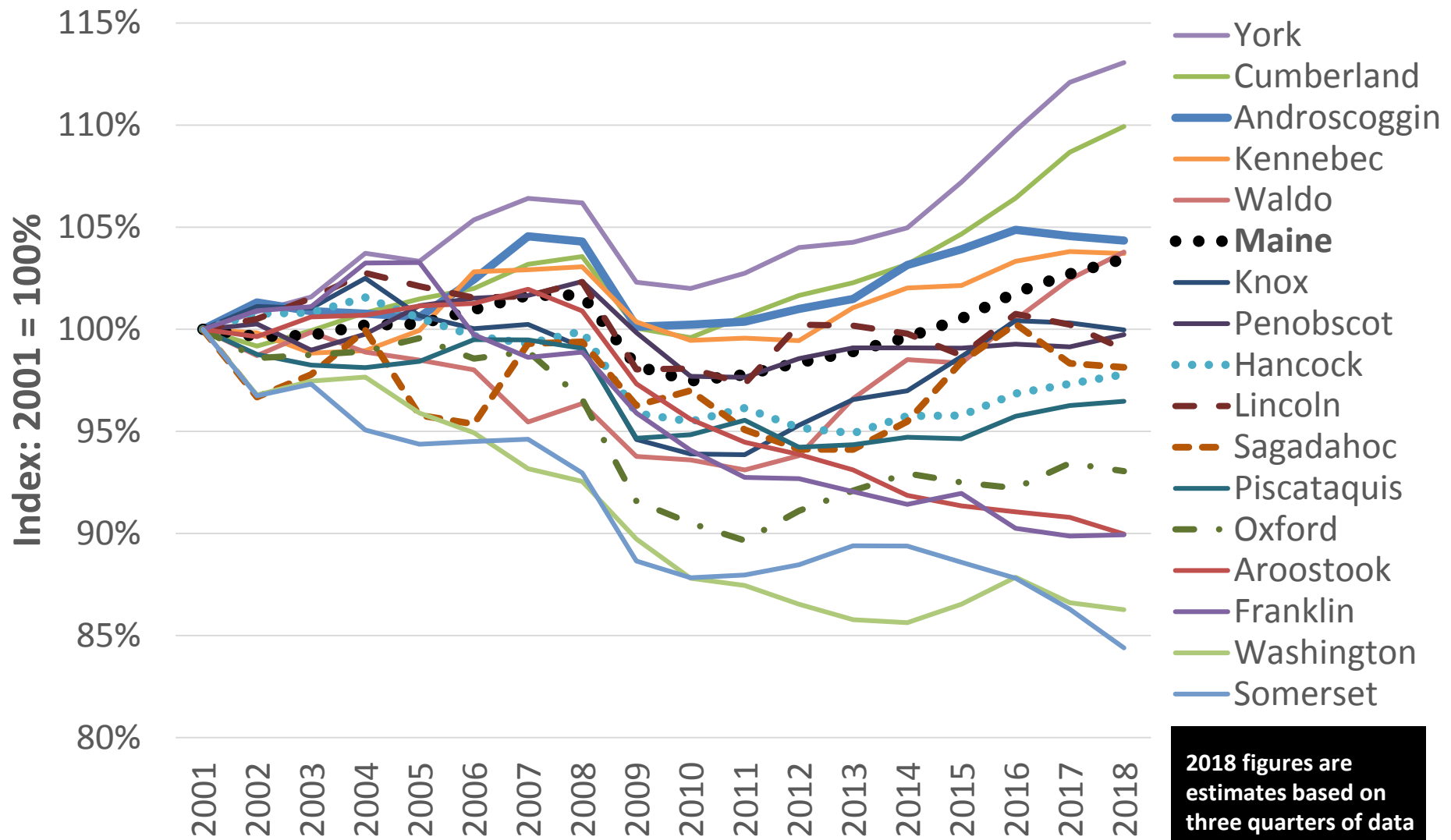
The average wage *per job* in Maine has remained close to 80% of the national average for many years...



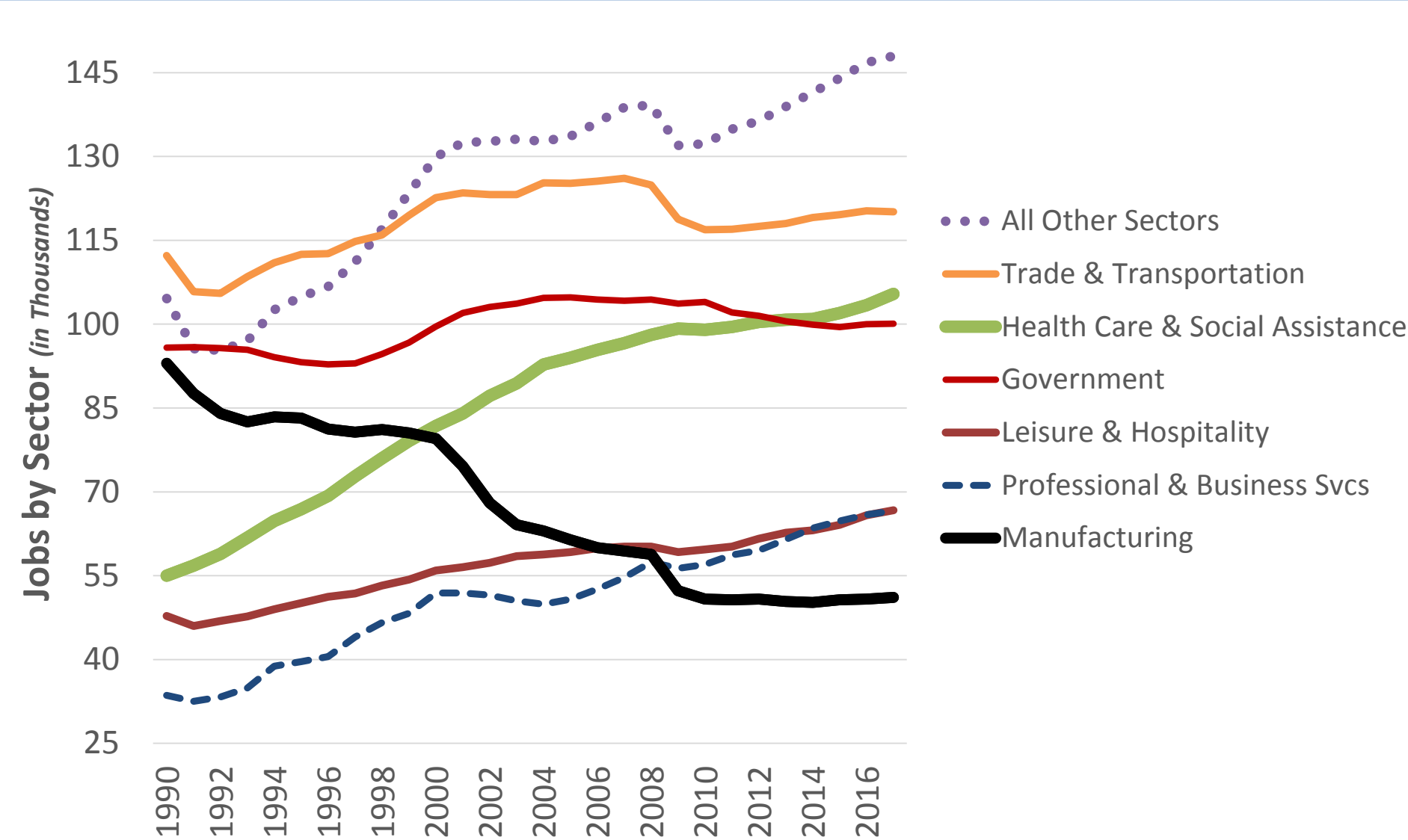
...But median earnings of residents of the state are near 95% of national rates. The seasonal nature of summer hospitality jobs pushes Maine's *jobs* average down.
(Many hospitality jobs are held by non-residents or are not the primary source of earnings for residents.)



5 counties have more jobs today than in 2001, all at least partially along the I-95 corridor; 5 counties have at least 7% fewer jobs, all along the northeast or northwest rim



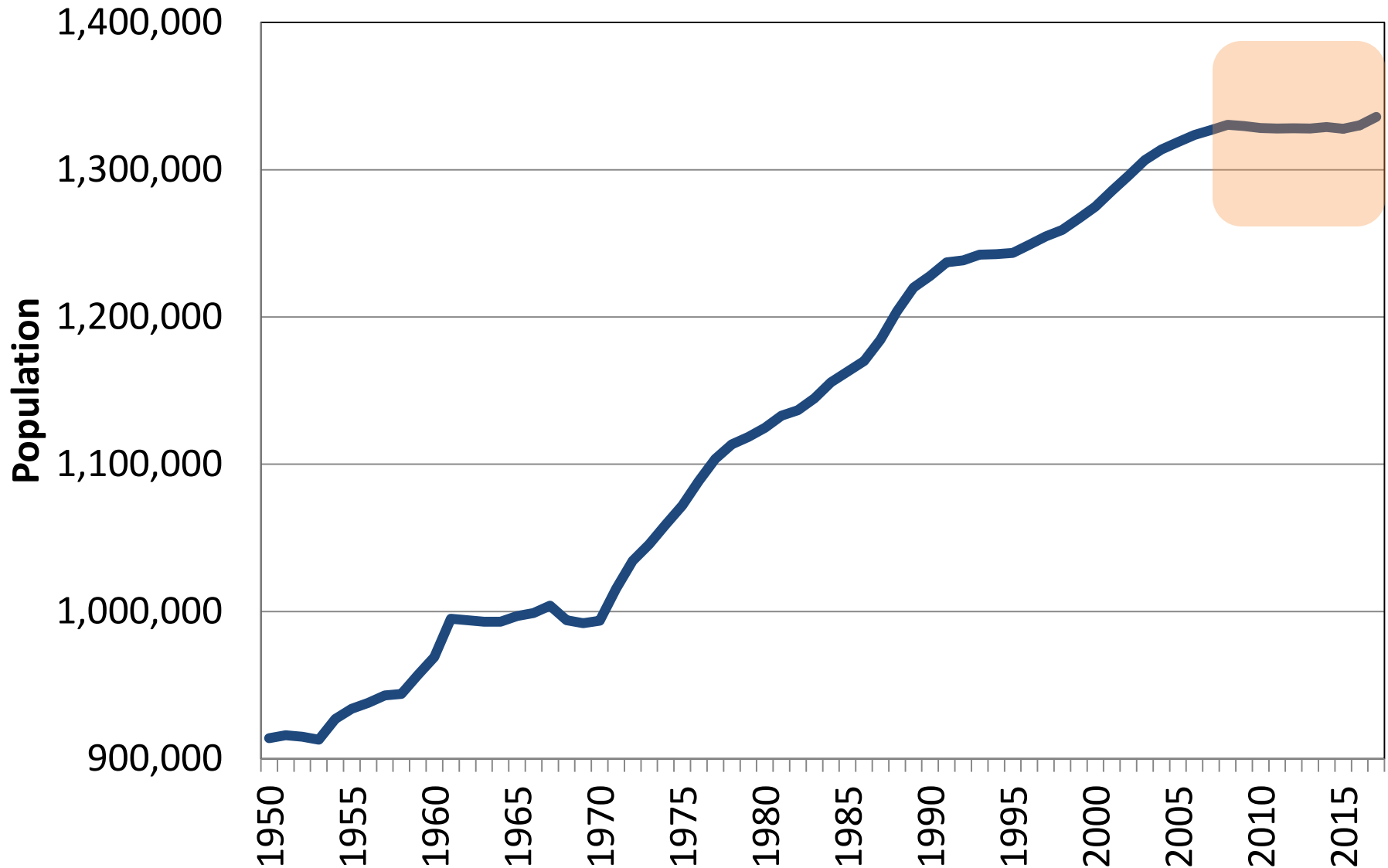
Over the last three decades job growth was concentrated in healthcare, professional services, and hospitality; manufacturing jobs declined sharply before stabilizing since 2010



Job growth has been concentrated in urban areas largely because the sectors that are growing, by their nature, are concentrated there – especially healthcare and professional services.

Long Term Demographic Trends

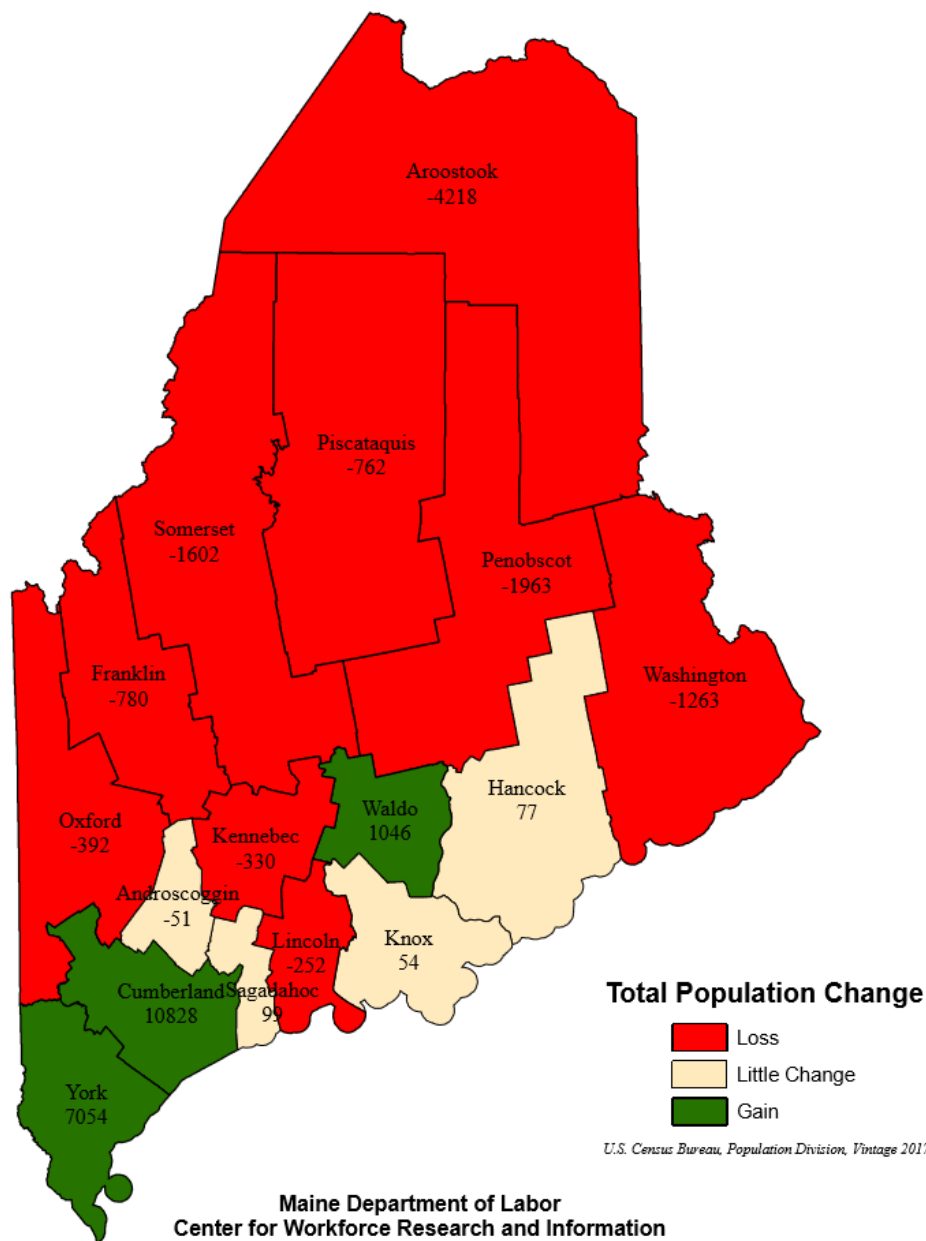
After rising for generations, the population in Maine did not change much in the last decade



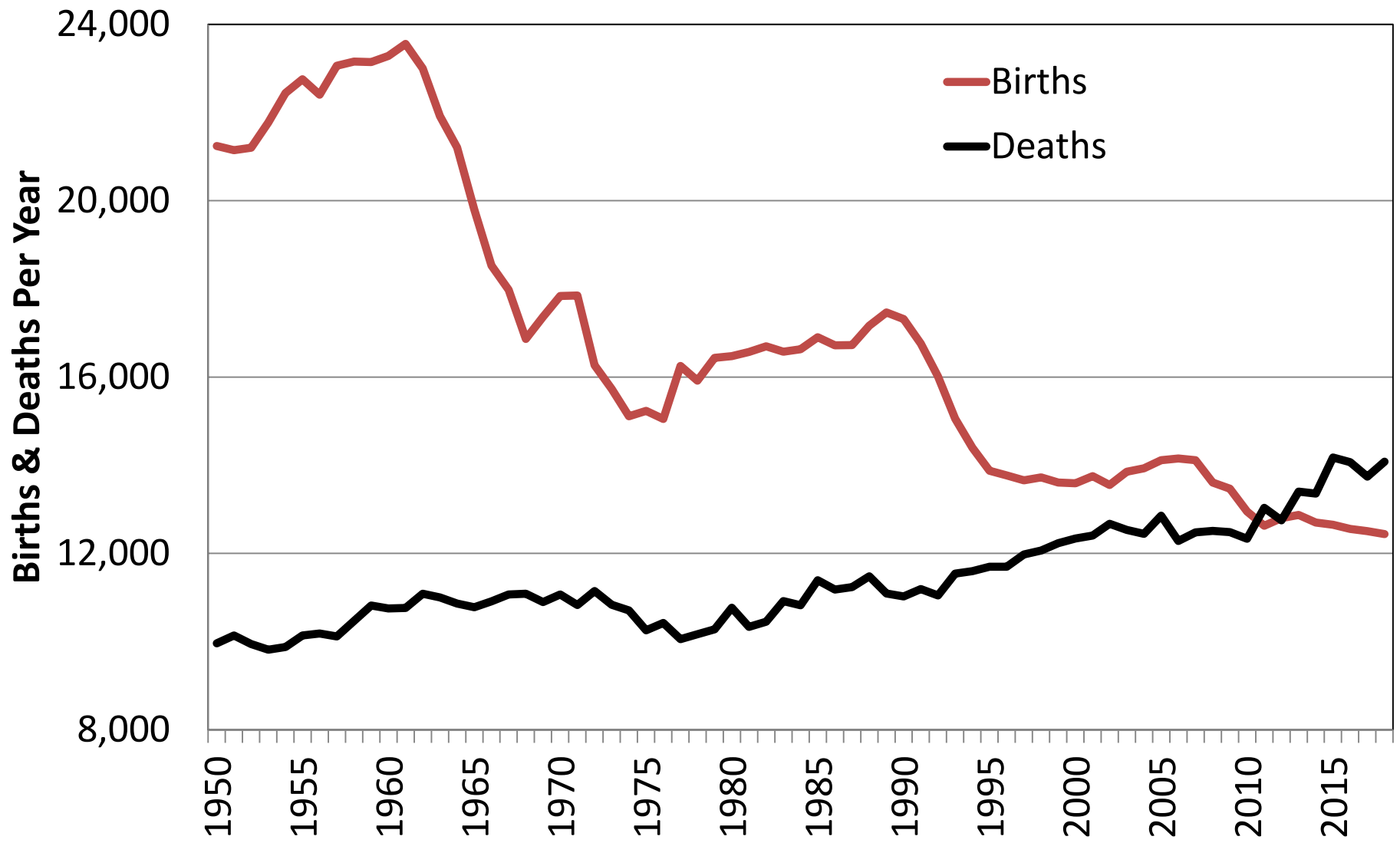
Continuing a long term trend, the population increased in the south, didn't change much in central and mid-coast regions, and decreased in north of the state since 2010.

(The change in total population is the balance of natural change and net migration, though totals by county don't exactly add up for technical reasons.)

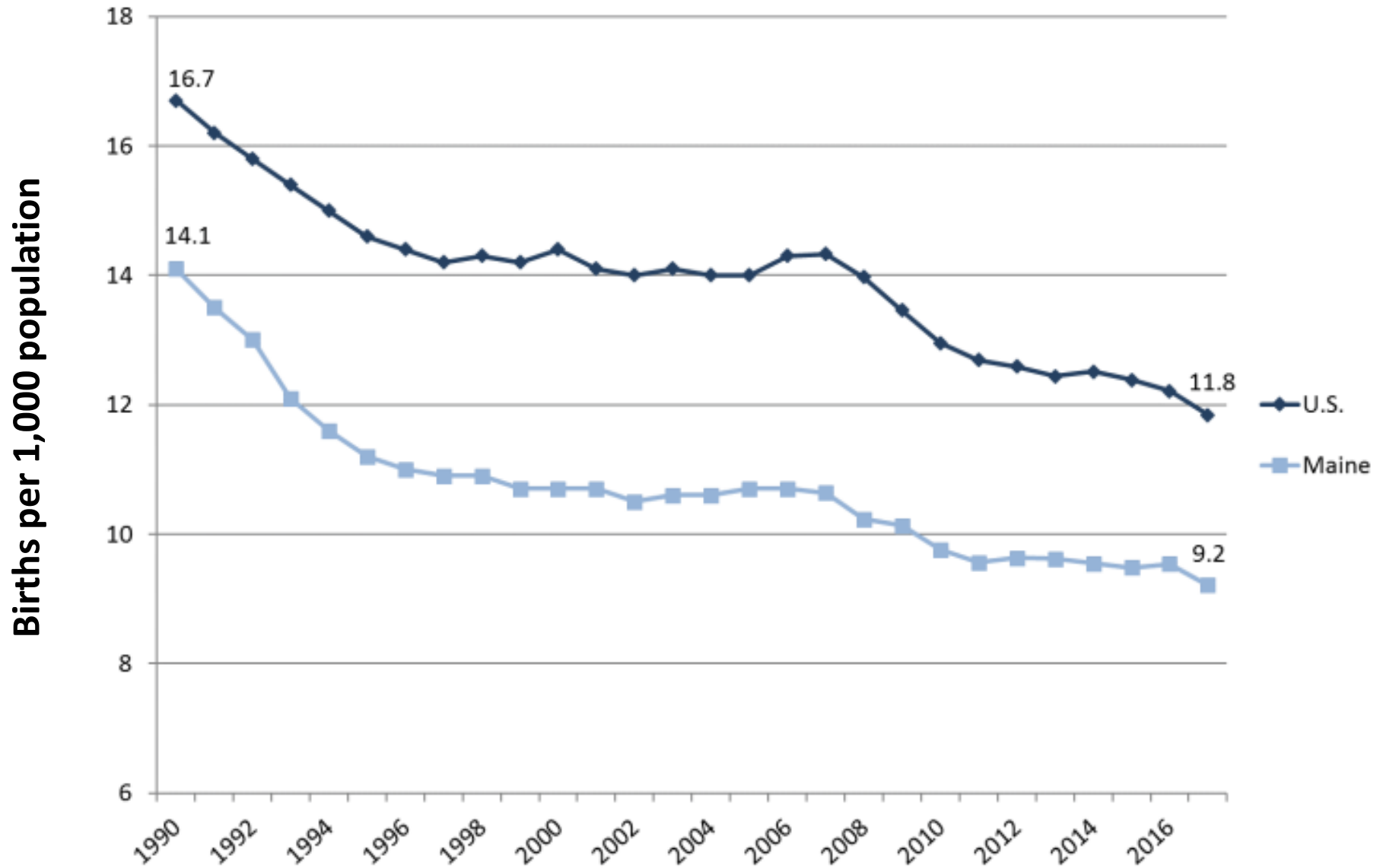
Total Population Change 2010-2017



The primary factor slowing population growth is fewer births. Rising numbers of deaths due to more seniors is also a factor. Maine has had negative natural change 7 of the last 8 years.

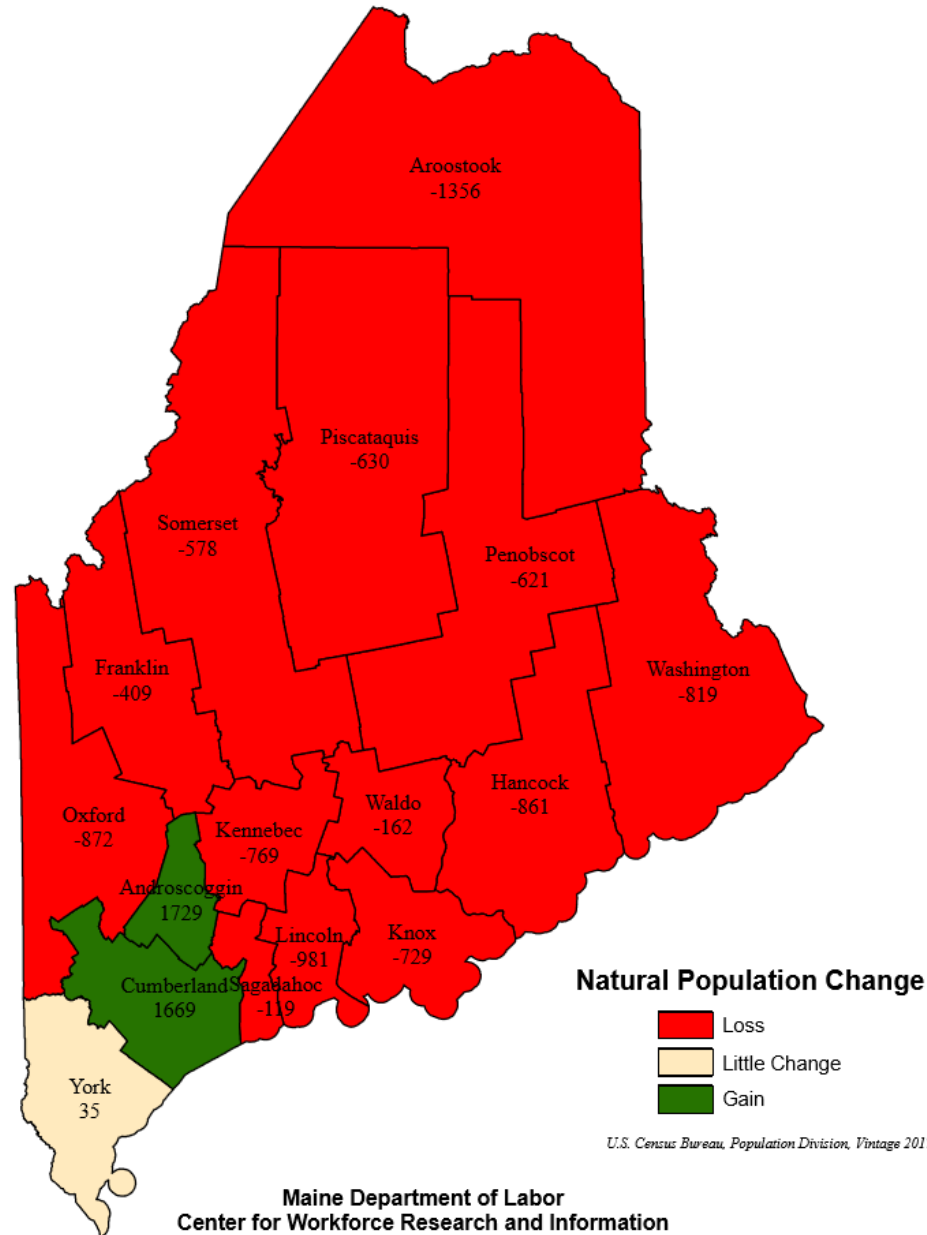


Birth rates in Maine are lower than the nation and much of the advanced world

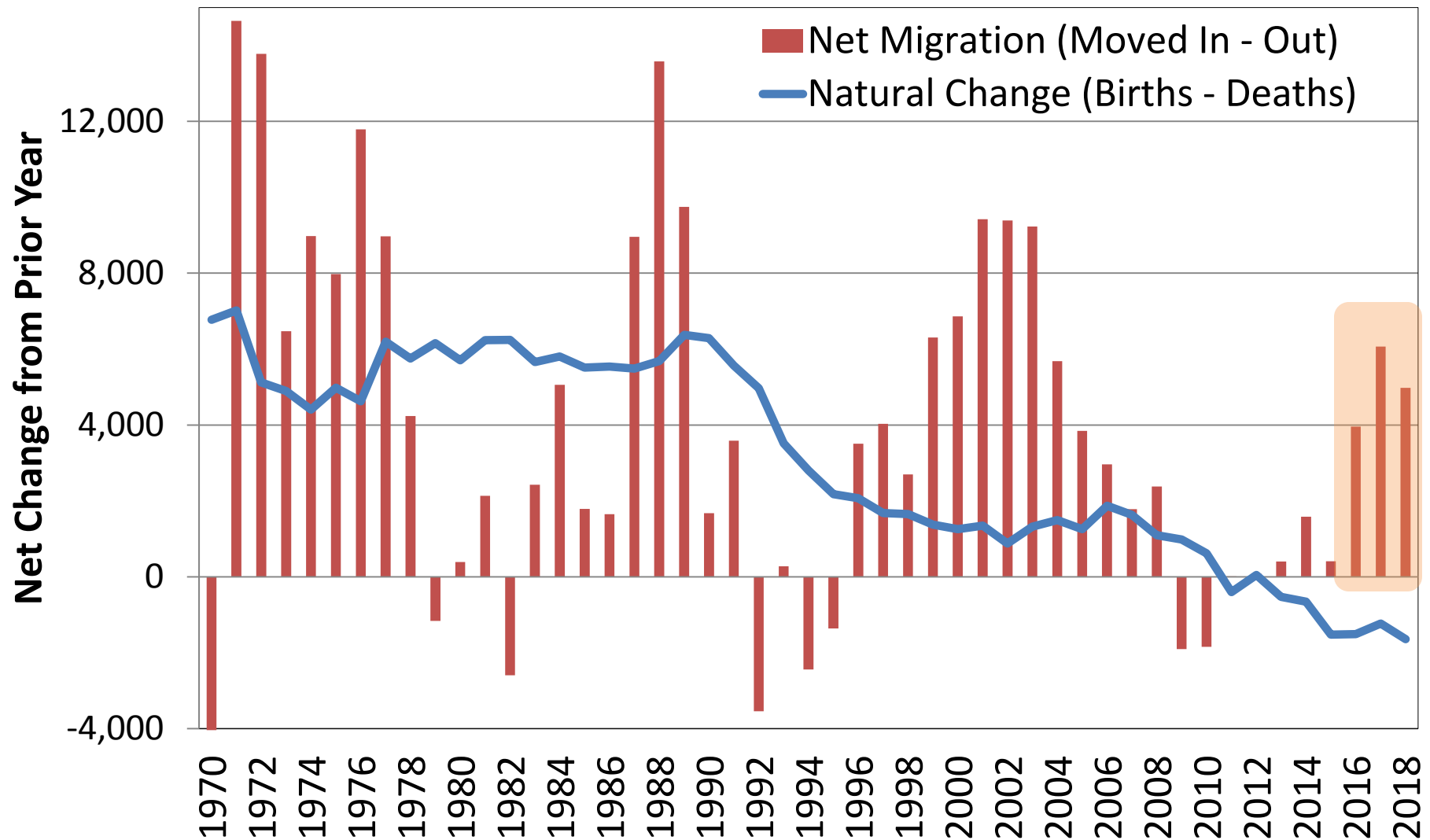


Only Cumberland and Androscoggin counties have had significant natural increase since 2010.

Natural Population Change 2010-2017 (Births Minus Deaths)

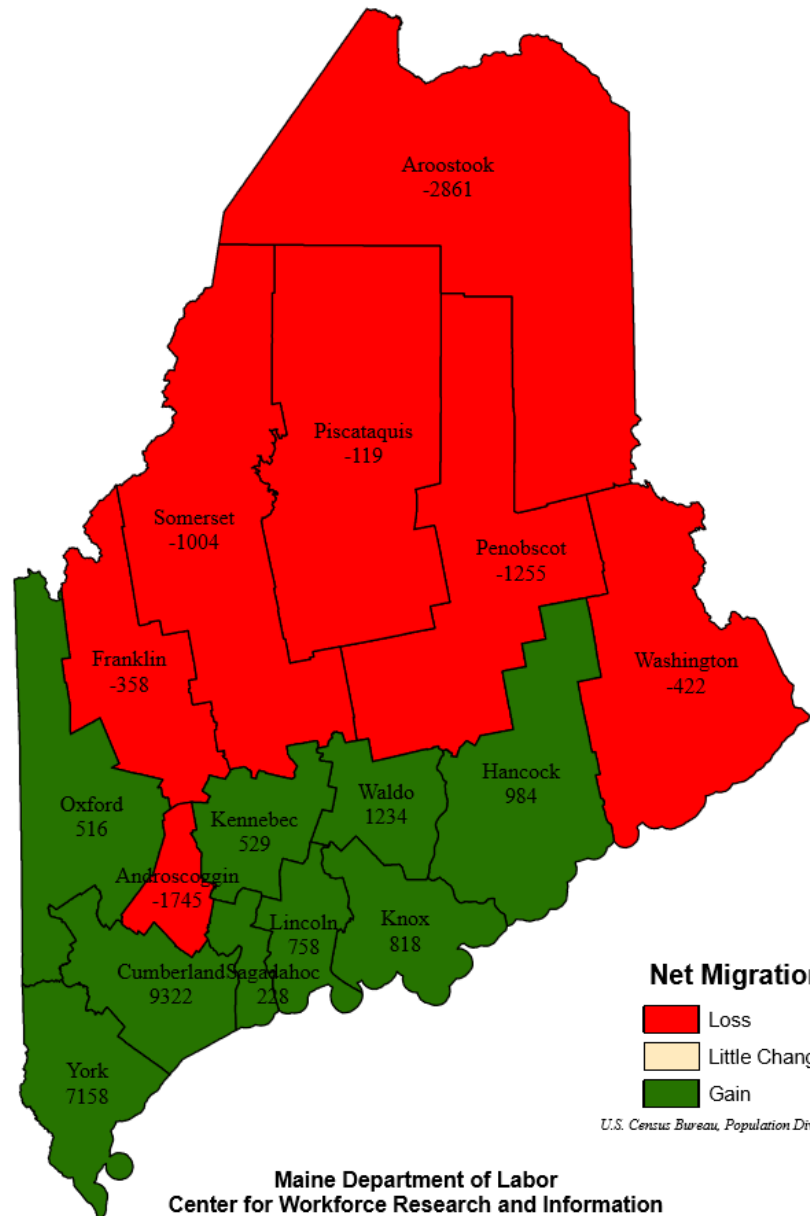


The second factor that slowed population growth in the last decade was little net in-migration from 2009 to 2015. That has picked up the last three years, which will need to be sustained.

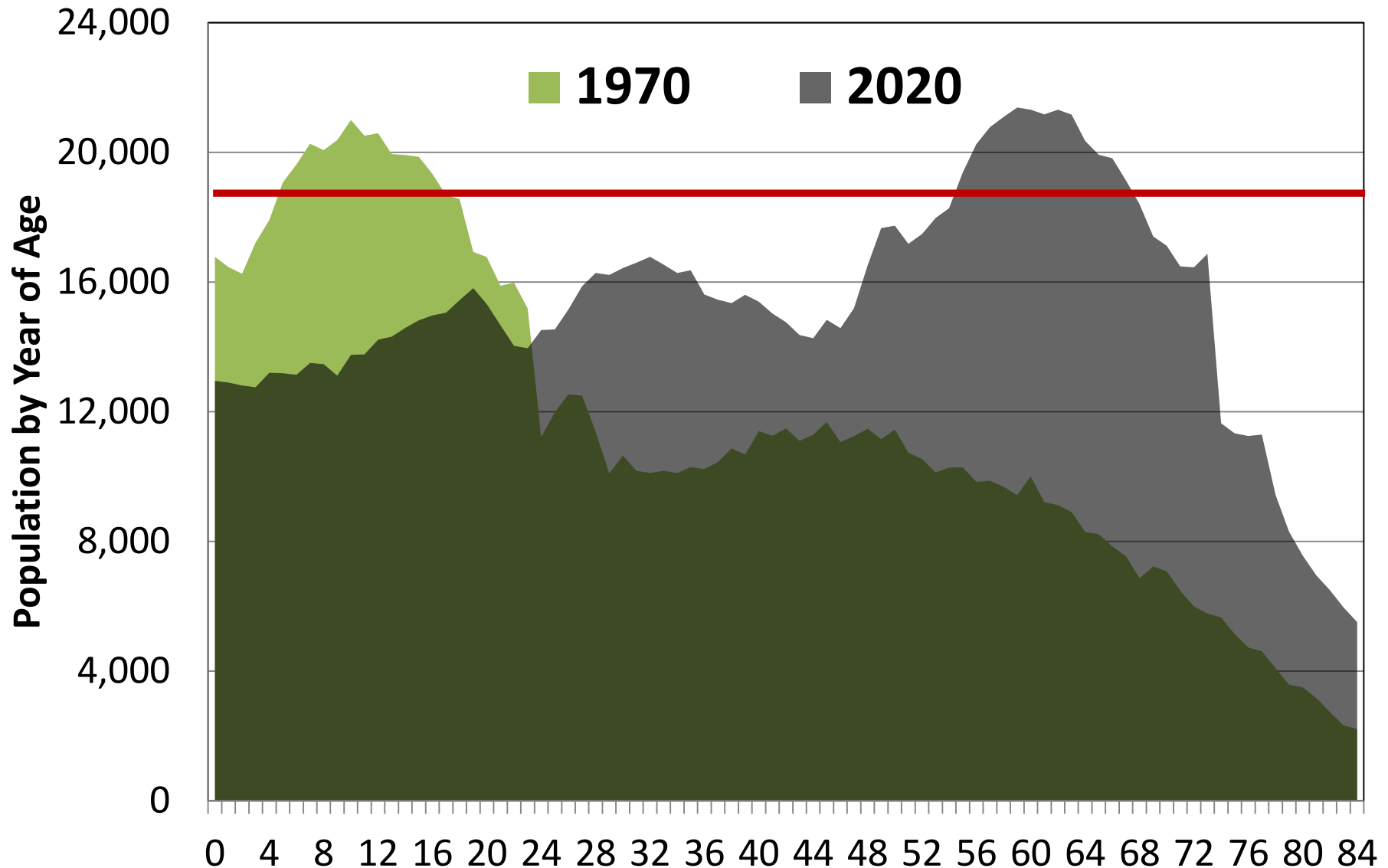


Migration since 2010 has been uneven across the state. Seven counties, mostly in the north, had a net outflow of nearly 7,800 people; nine counties had a net inflow of 21,500 people, 75% of which was in York and Cumberland counties.

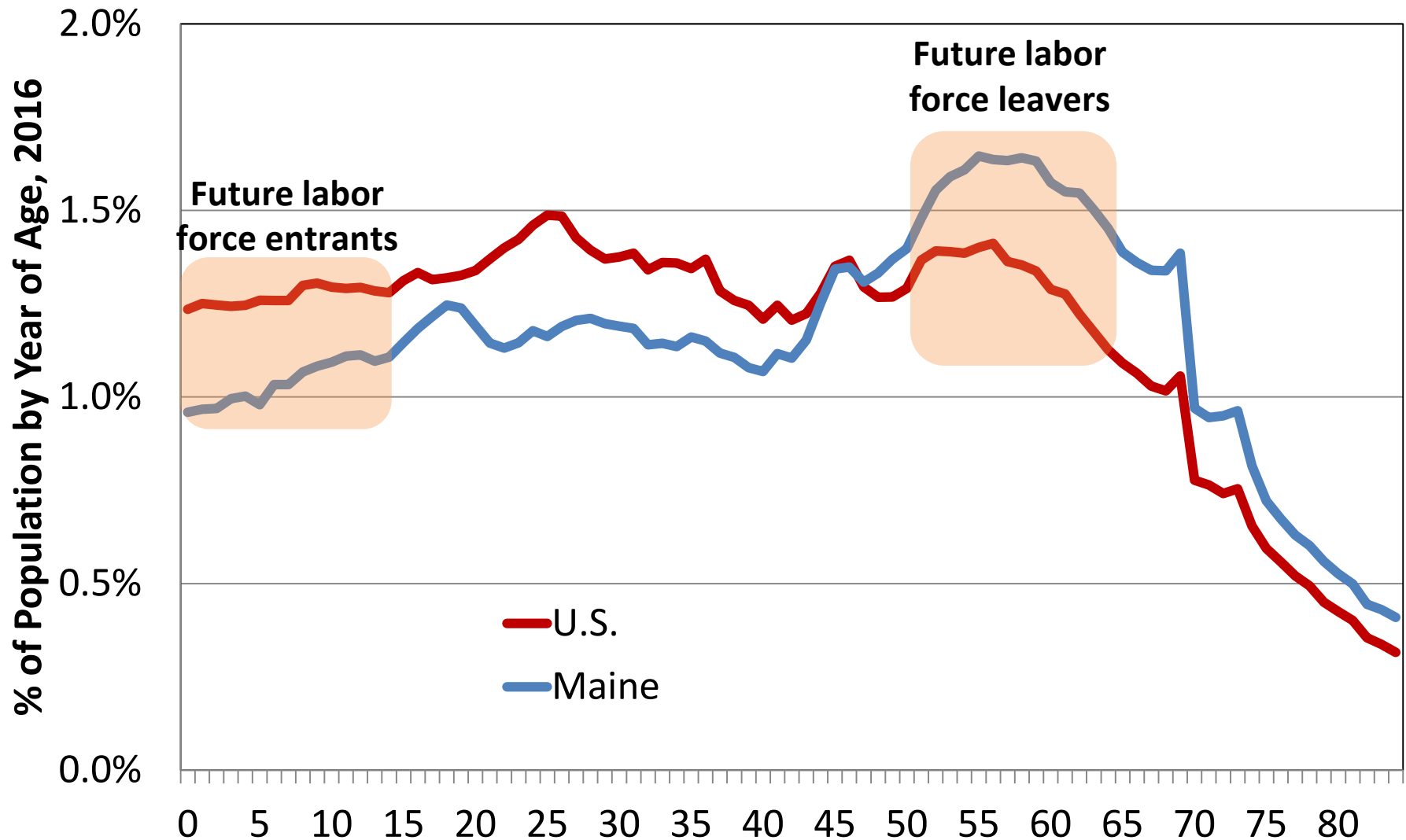
**Net Migration 2010-2017
(Moved In Minus Moved Out)**



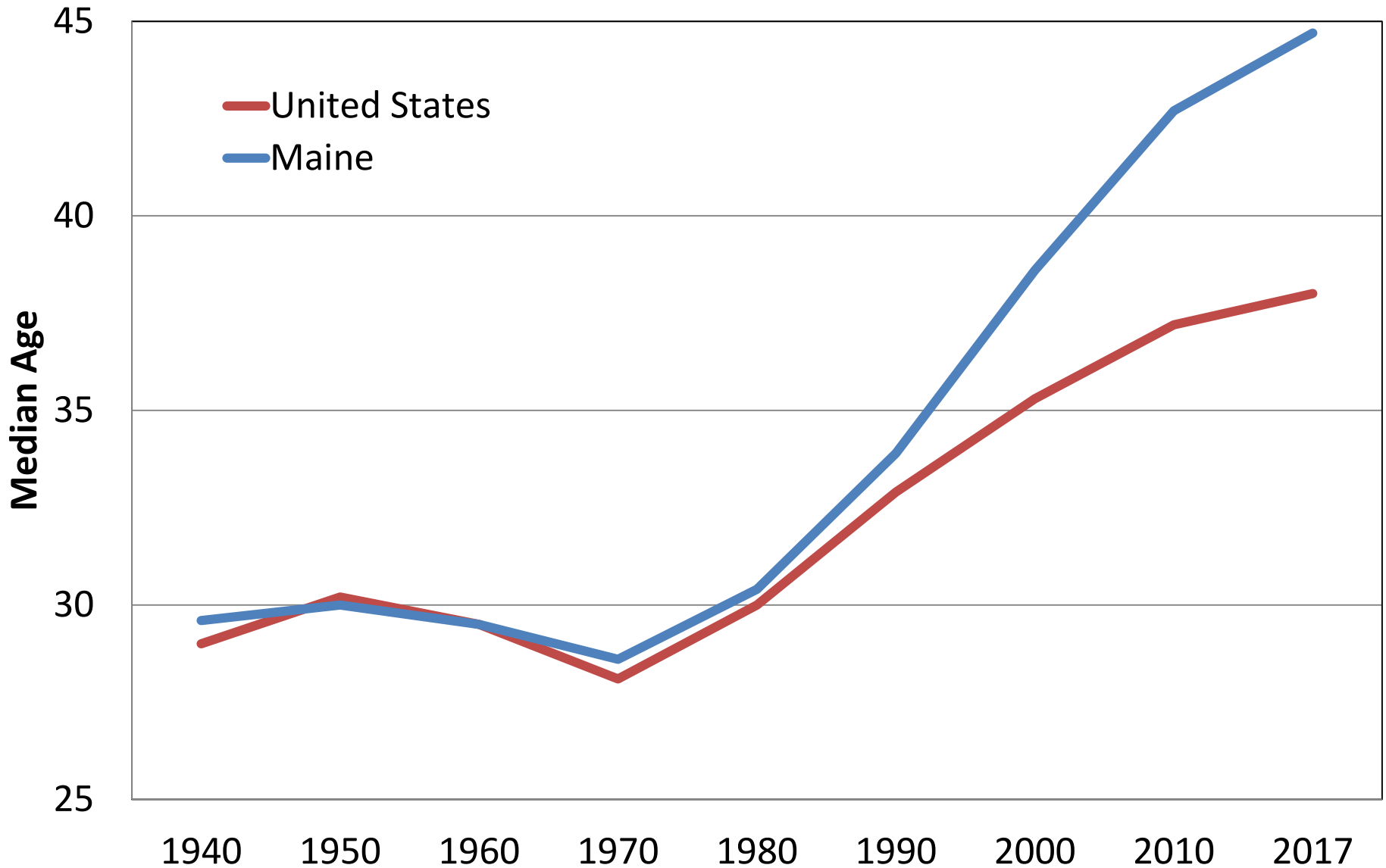
We went from young to middle-aged, on the verge of a massive wave of retirements, in 50 years...the length of a career



The national population structure is more balanced, with somewhat more young people who will enter the labor force than who will retire in the next two decades...



Maine's median age increased 56% since 1970 to the highest in the nation



Workforce Outlook to 2026

Media coverage of our workforce forecast to 2026 described a grim situation

“Department of Labor predicts that the state will have virtually zero growth in jobs”

“Maine’s economy will struggle to tread water”

“...companies will not invest if they don’t think they will be able to hire workers and workers don’t move to a place where there are no jobs (which) means that the state will have few options available to change the cycle.”

Department of Labor “projects with a shortage of young workers, the Mainers who live and work here now will stay on the job longer.”

“The report is the latest evidence that Maine is on a path to long-term economic stagnation...and young Mainers leaving the state for better opportunities elsewhere.”

“Mainers will be working well into what had been retirement years.”

“...most of the jobs created over the next five years will be in low-wage or high-wage (jobs).”

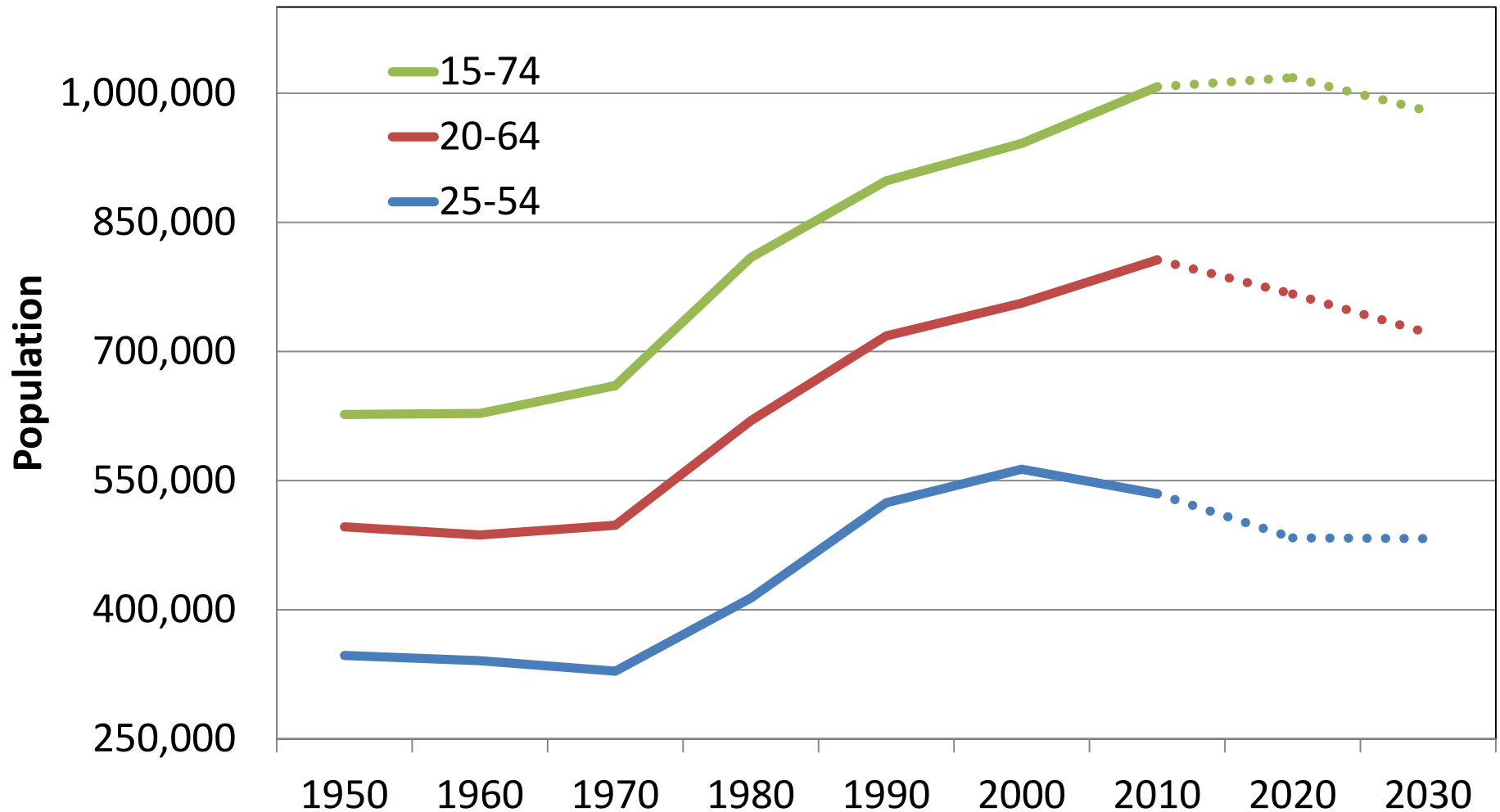
The labor market is more dynamic than those interpretations portray

There is a constant flow of people into and out of the labor force over time: young people reach working-age, older people retire, some take time out of labor force to gain an education or work credential or to raise children, and then return to work. Others advance their job knowledge, skills, and qualifications that allow them to move up the career ladder. Some people relocate to another community for a better job or for other reasons.

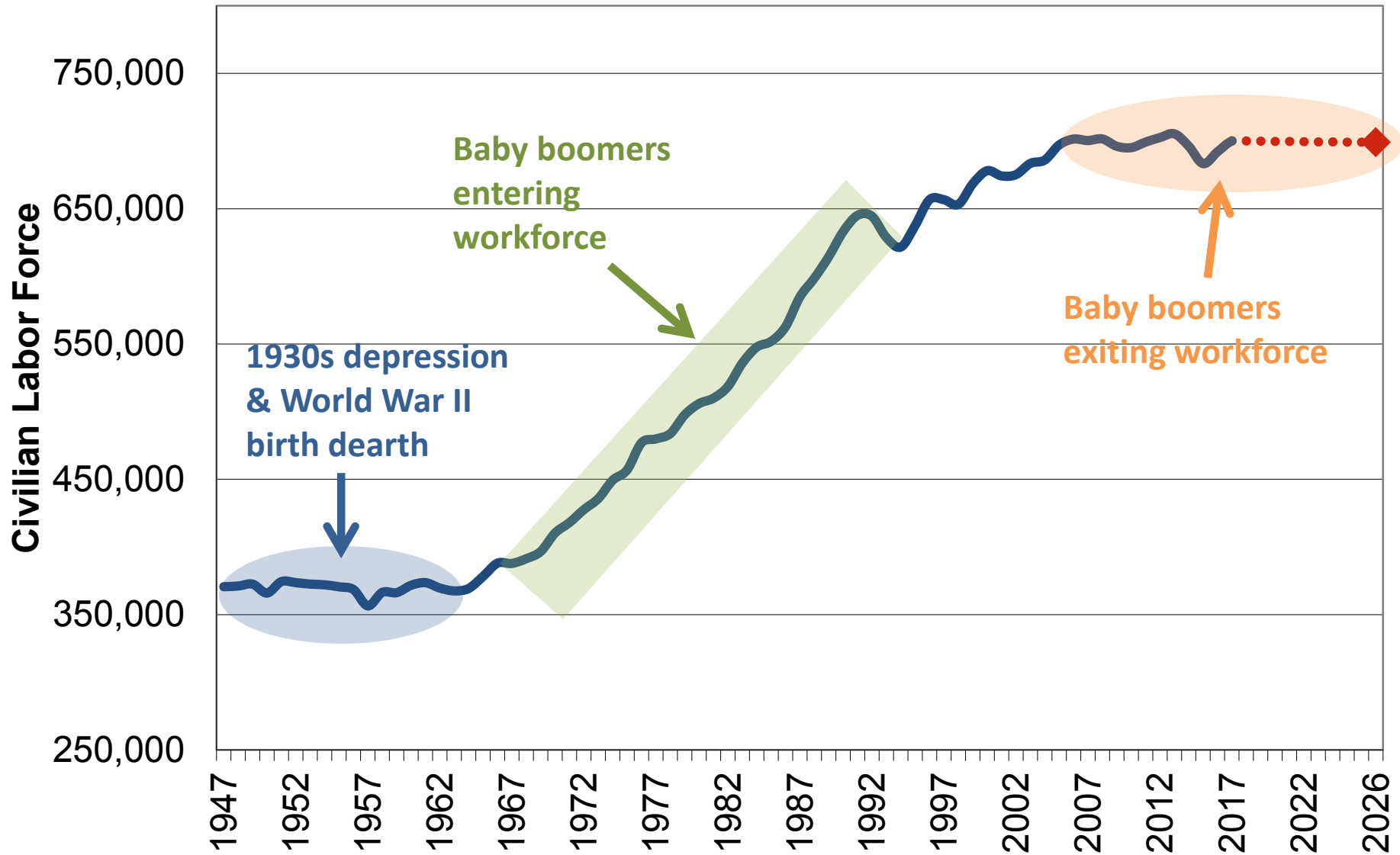
Notions of stagnation and lack of opportunity miss what is actually happening. There will be very large numbers of job openings each year to replace those who will be retiring. There is every reason to believe that wages will continue to rise as a result of continued low unemployment and competition for staff.

There will be more older people working, not necessarily because they have to, but simply because there will be more older people. The nature of many jobs is less physical than it once was, so it is easier to stay engaged in work than it once was.

The 25 to 54 age group that has the highest rates of labor force participation peaked in the early 2000s. The 15 to 74 group, which includes nearly all working people, is peaking and will gradually subside over the next decade.



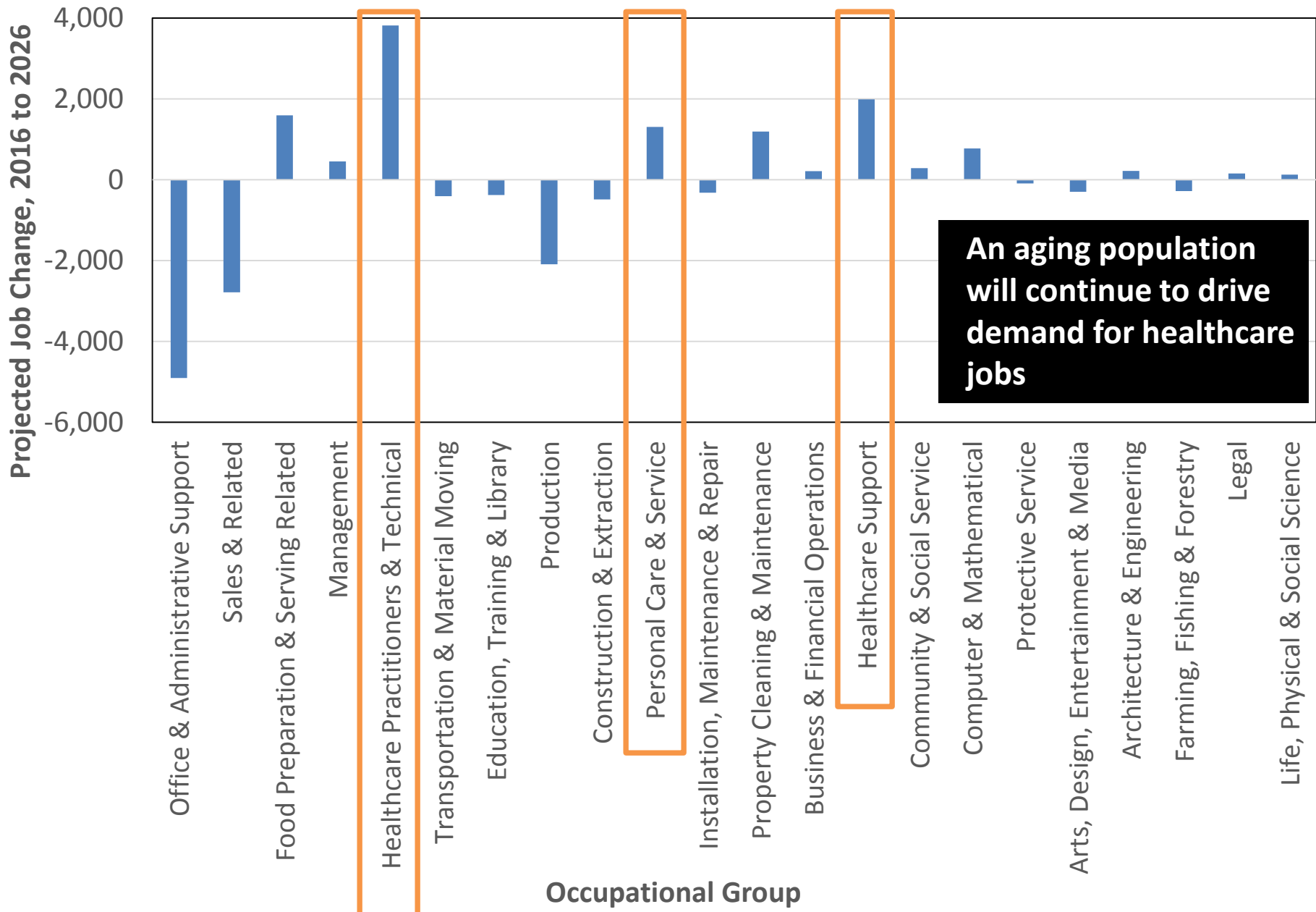
As a result, we expect little labor force change through 2026, continuing the recent trend



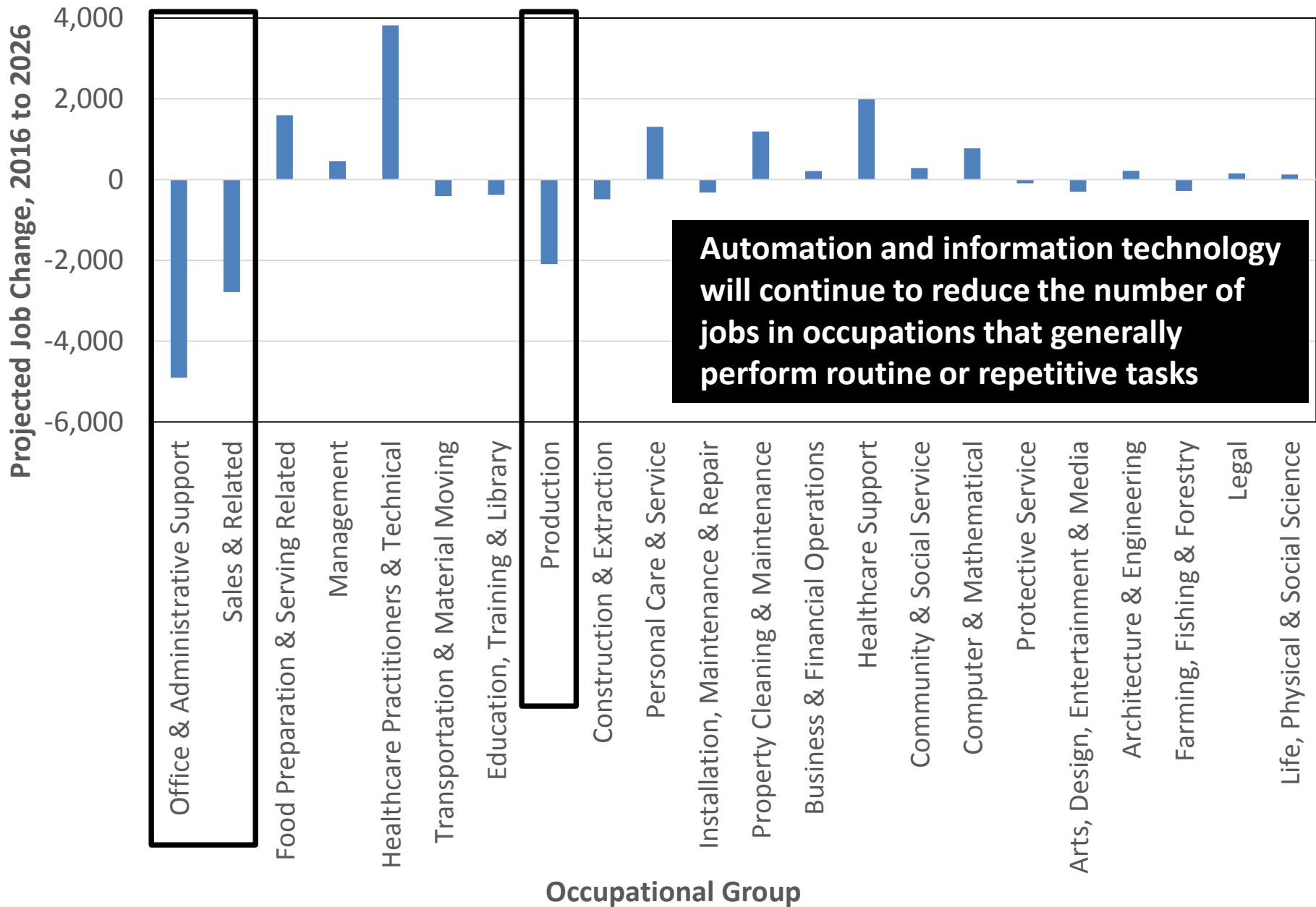
Growth is often portrayed as a key to rising prosperity. That is not necessarily the case. Wage growth in Maine accelerated when unemployment became very low and the labor force was not expanding, because the hiring and retention environment became more competitive. Closing the earnings gap with the nation should help to attract working-age people to the state to help to sustain the size of our labor force.

Human resource challenges should lead to innovations in the production of goods and delivery of services that lead to high rates of productivity. Since rising productivity is the key to higher standards of living, there are positive aspects to our constrained labor supply.

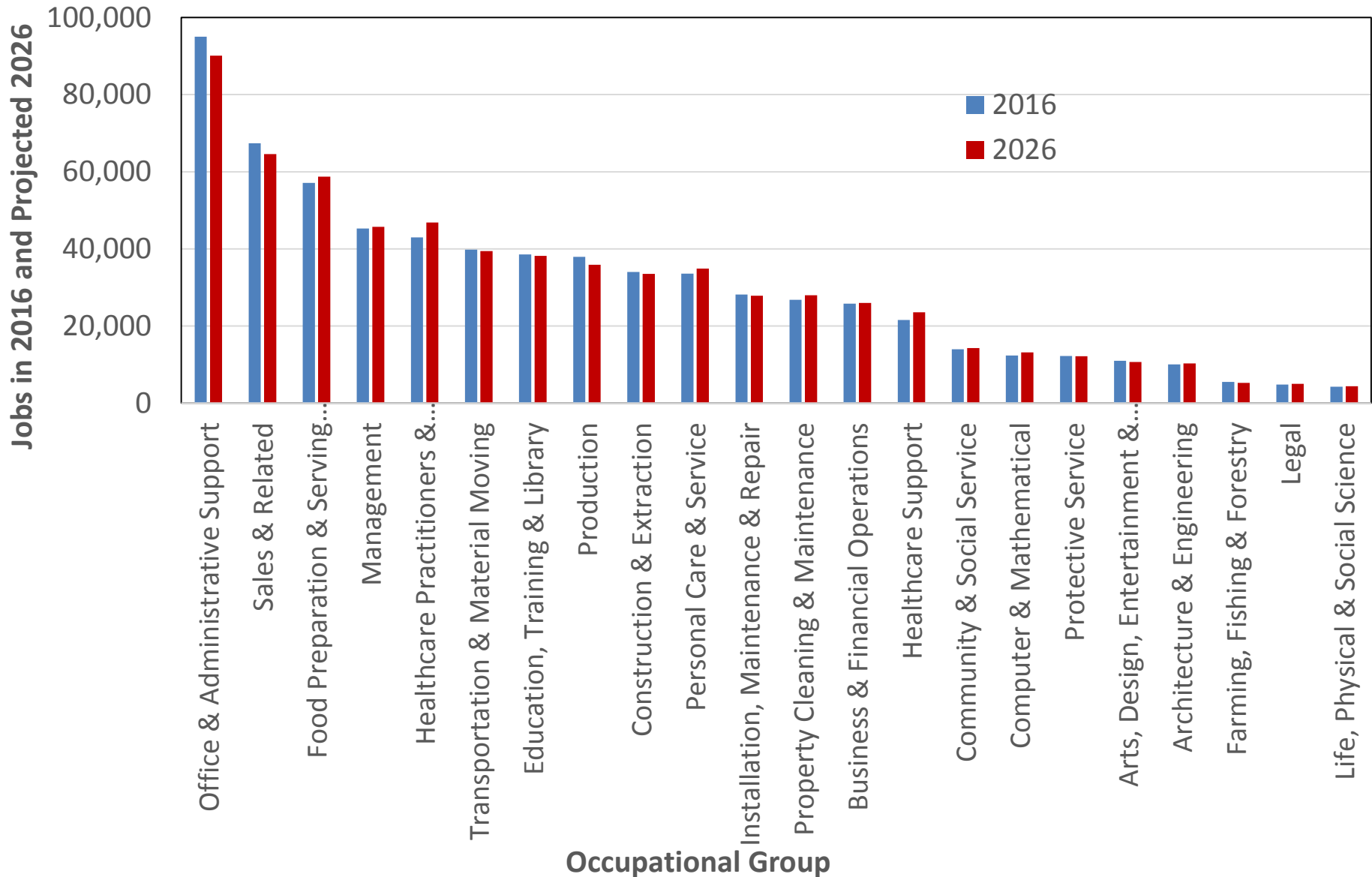
The mix of jobs by occupation will continue to gradually shift



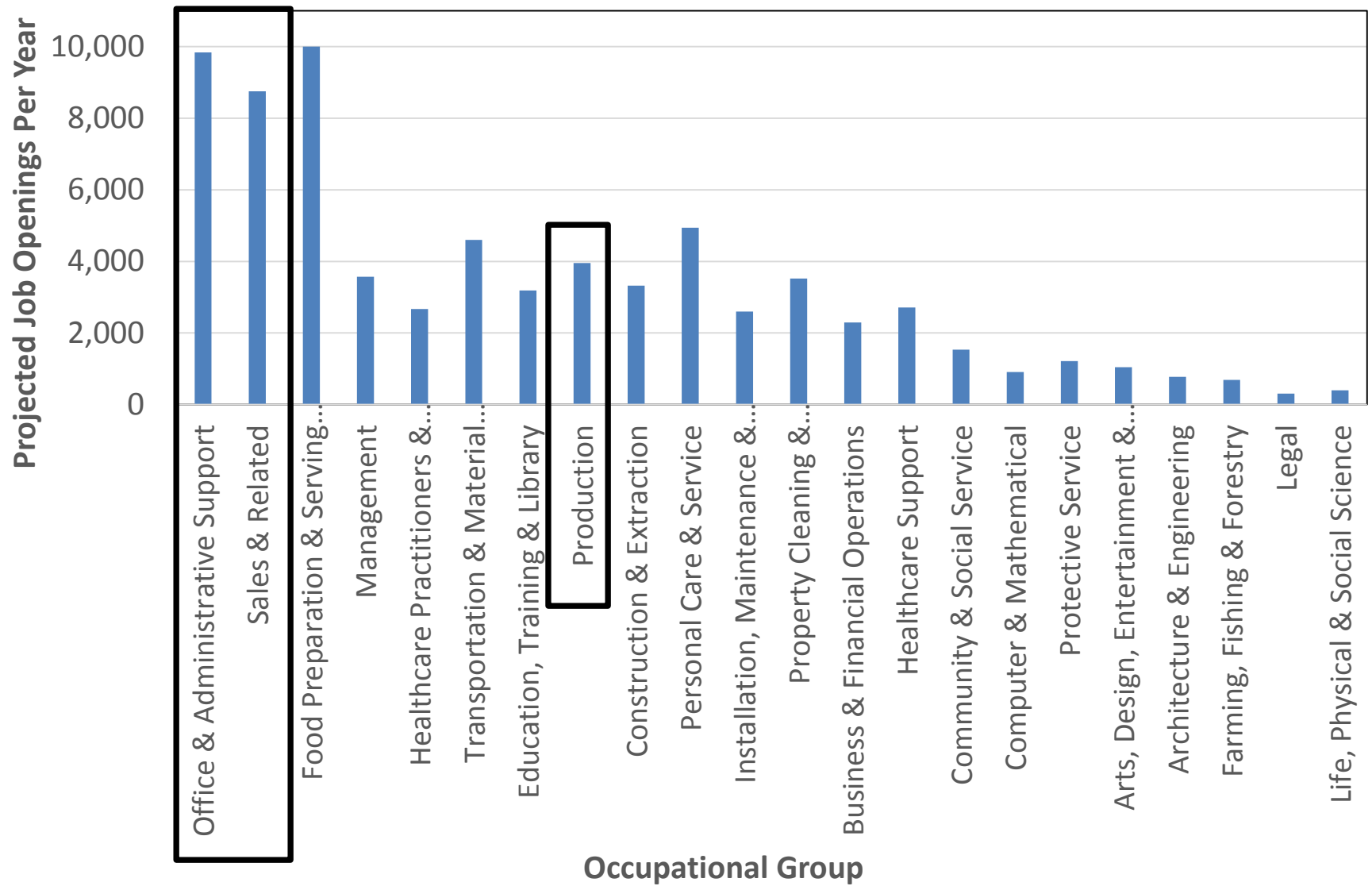
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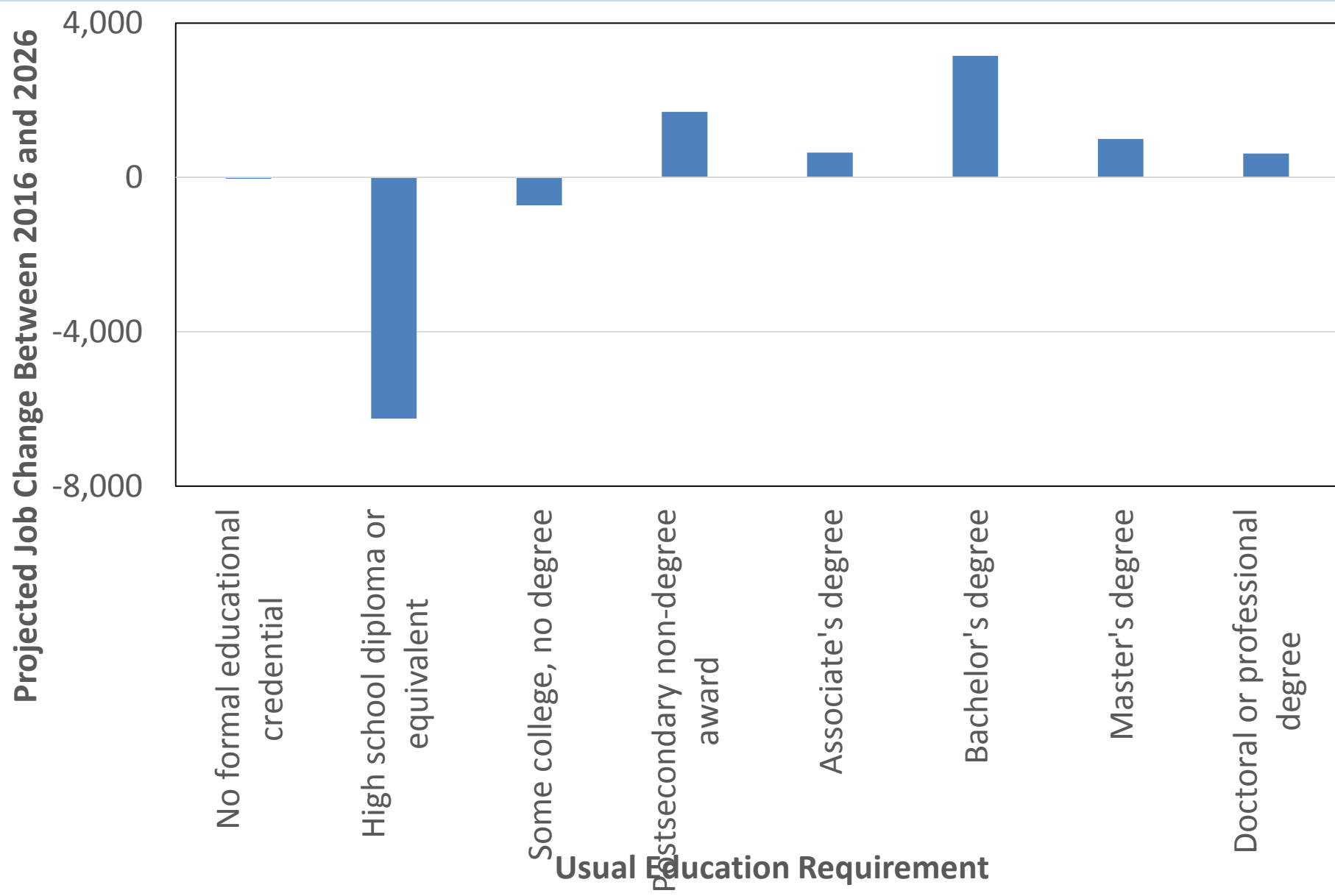
The changes in the occupational job structure will continue be modest



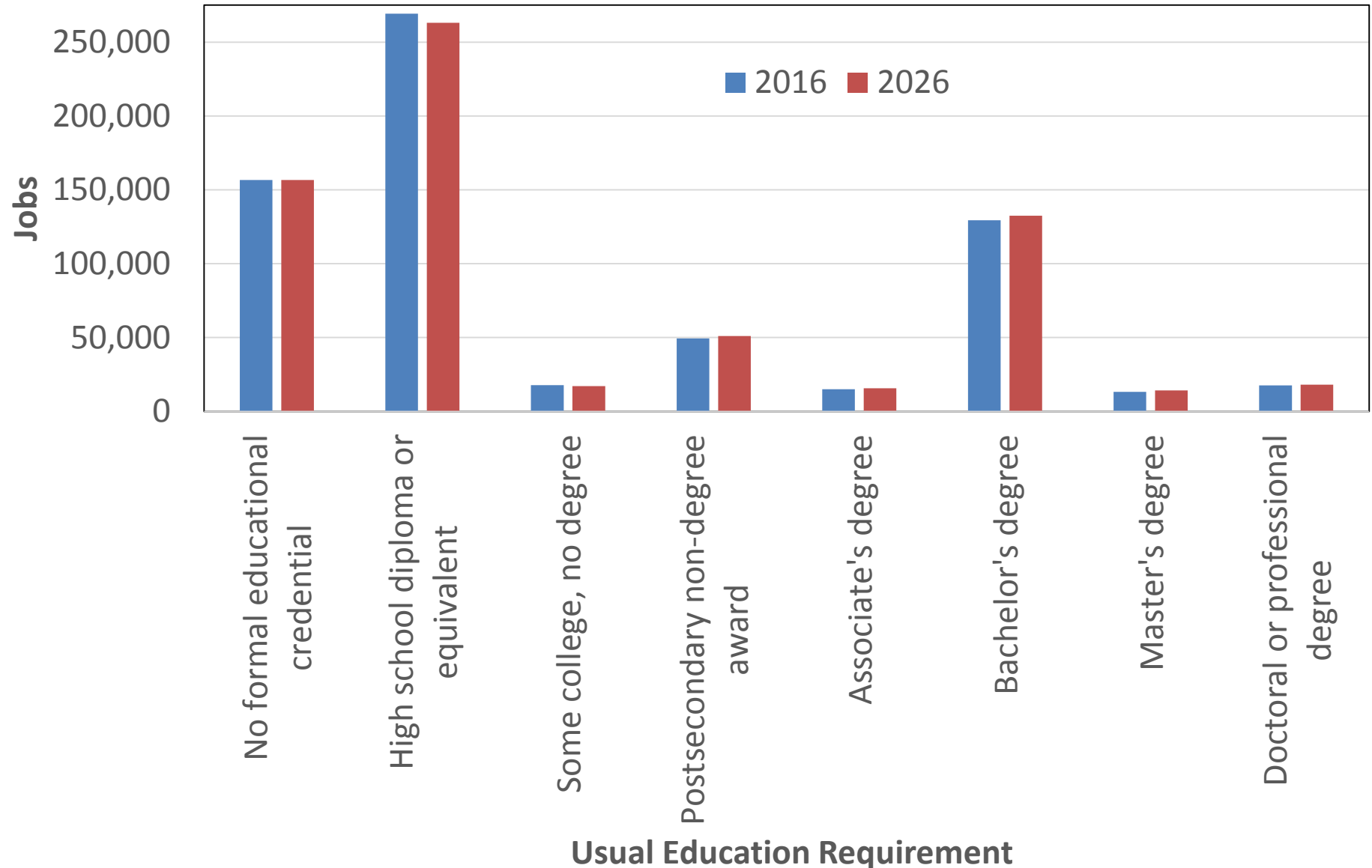
Even in occupations expected to have fewer jobs, there will be significant numbers of job openings because the number leaving the labor force will be larger than the reduction in jobs



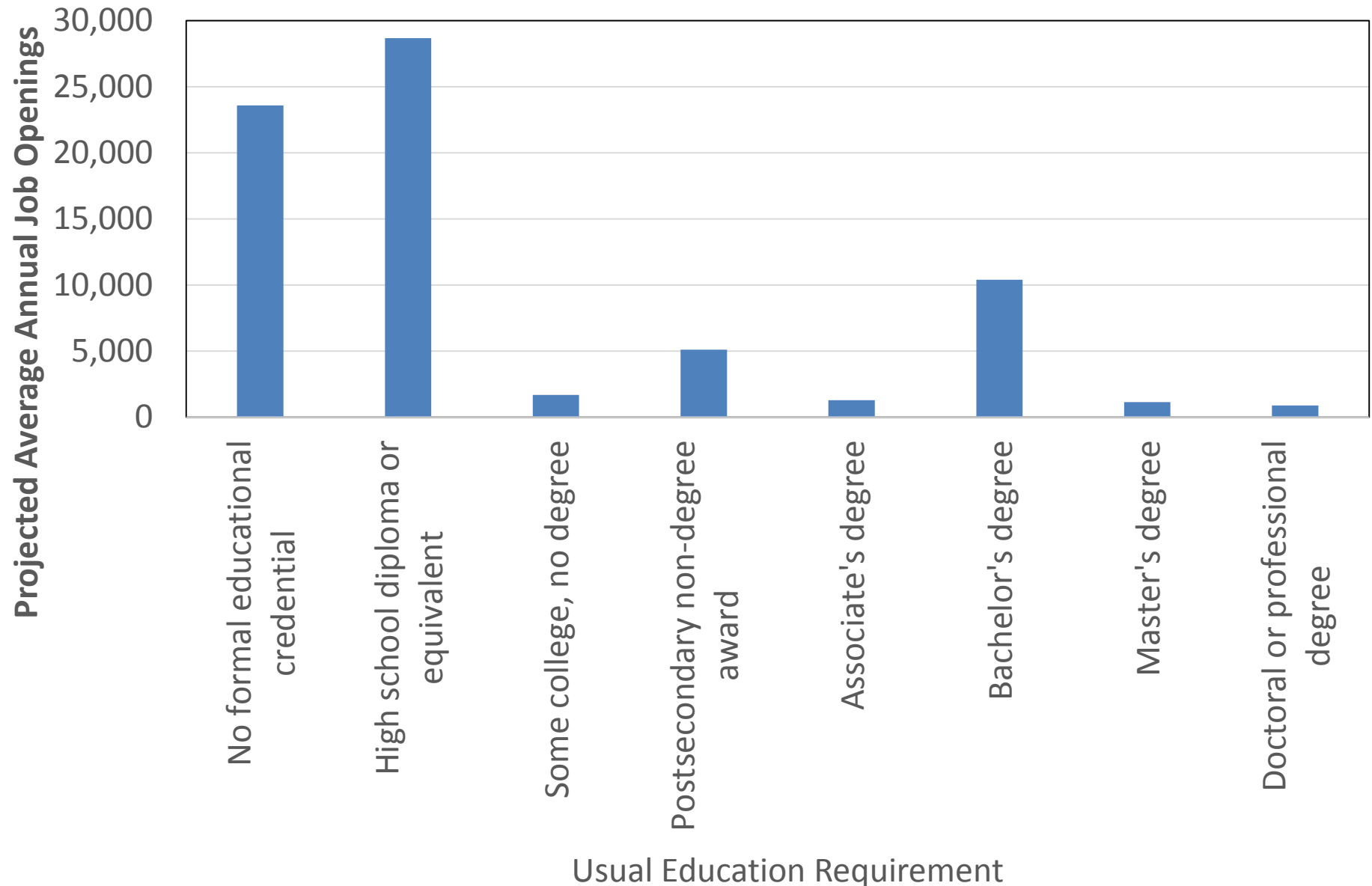
Growth is expected to continue to be concentrated in occupations that require post-secondary education...



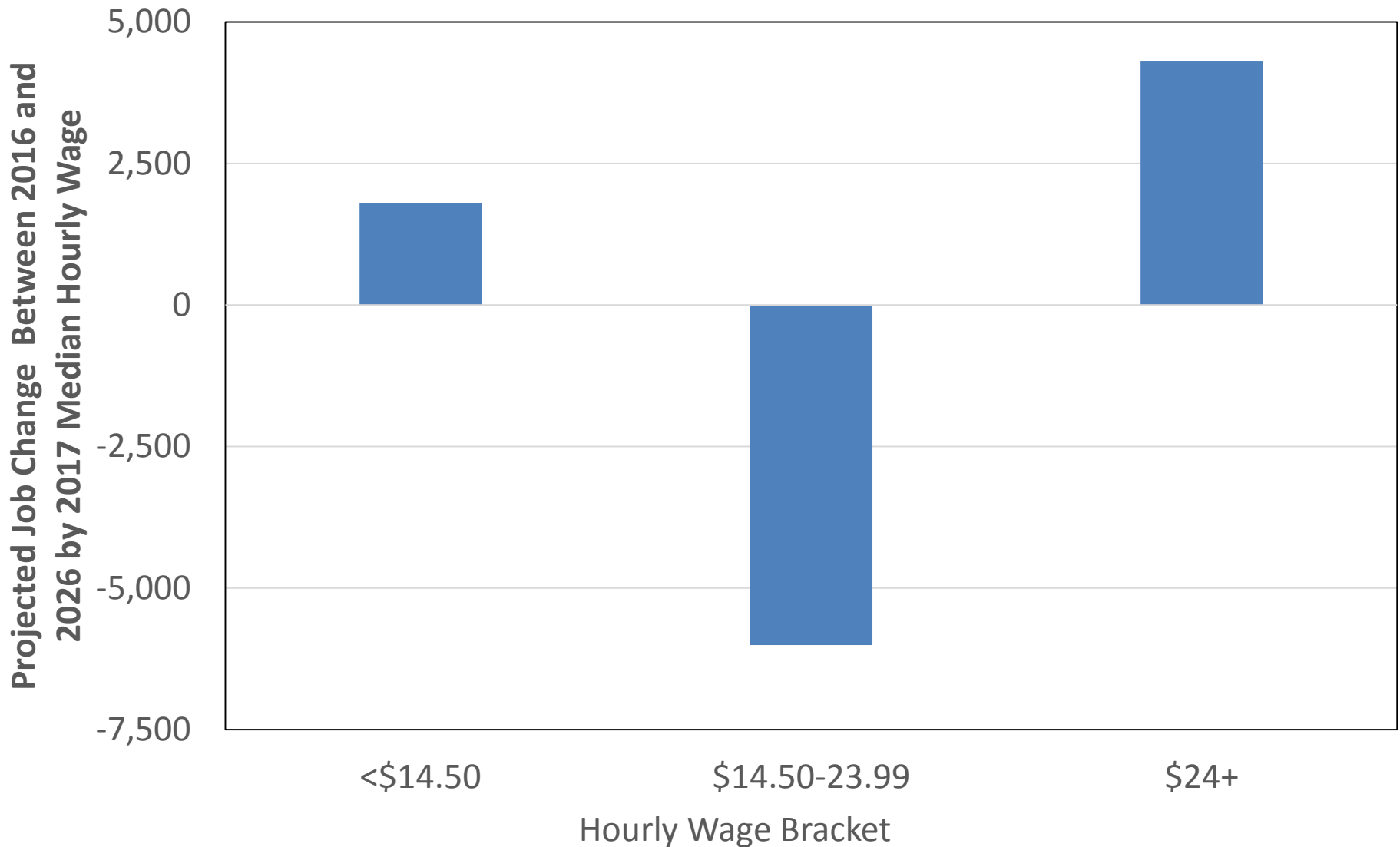
...Though the distribution of jobs is expected to change only marginally and most jobs do not require post-secondary ed...



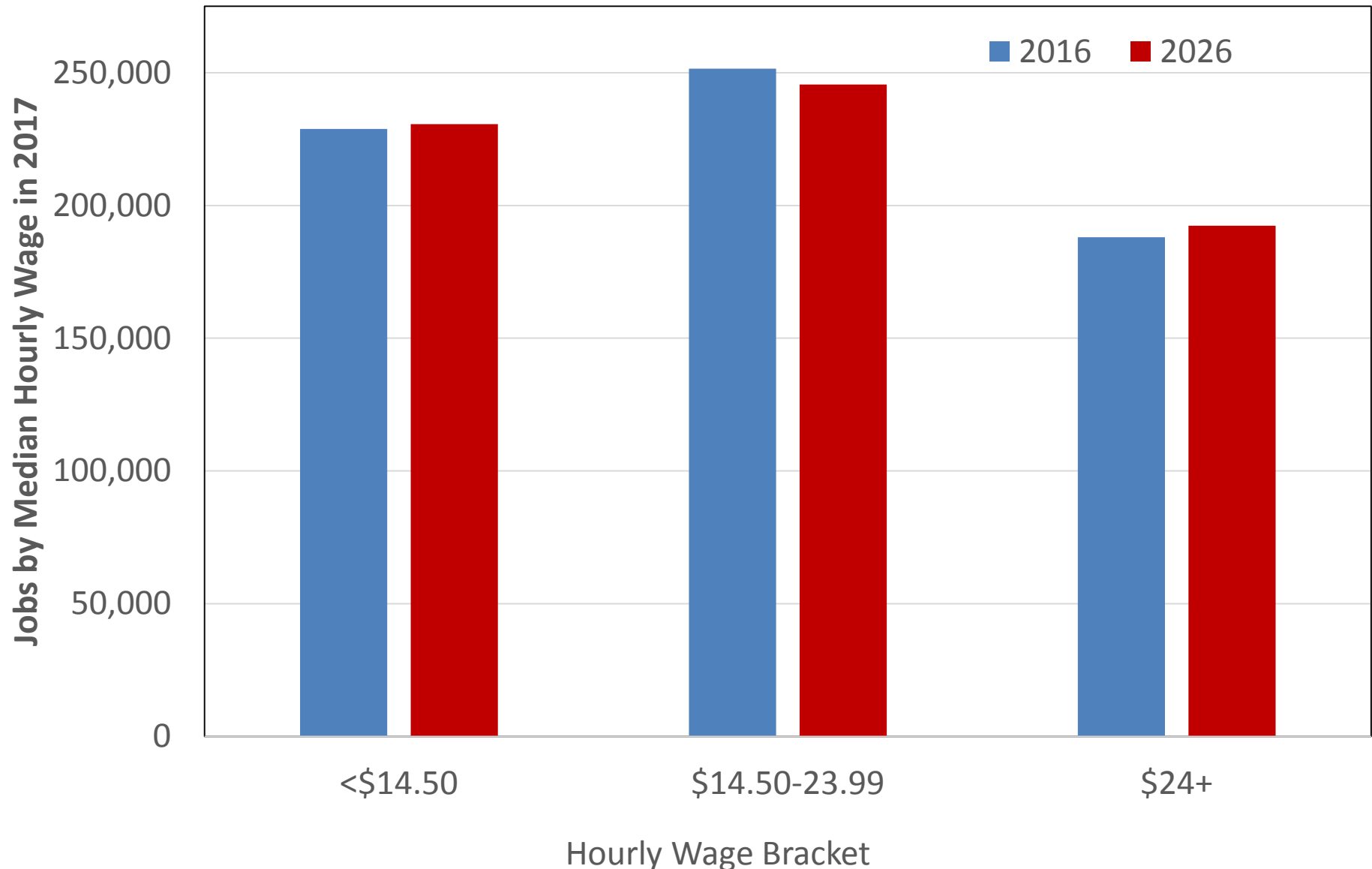
...And there will be many more job openings in occupations that do not require post-secondary education



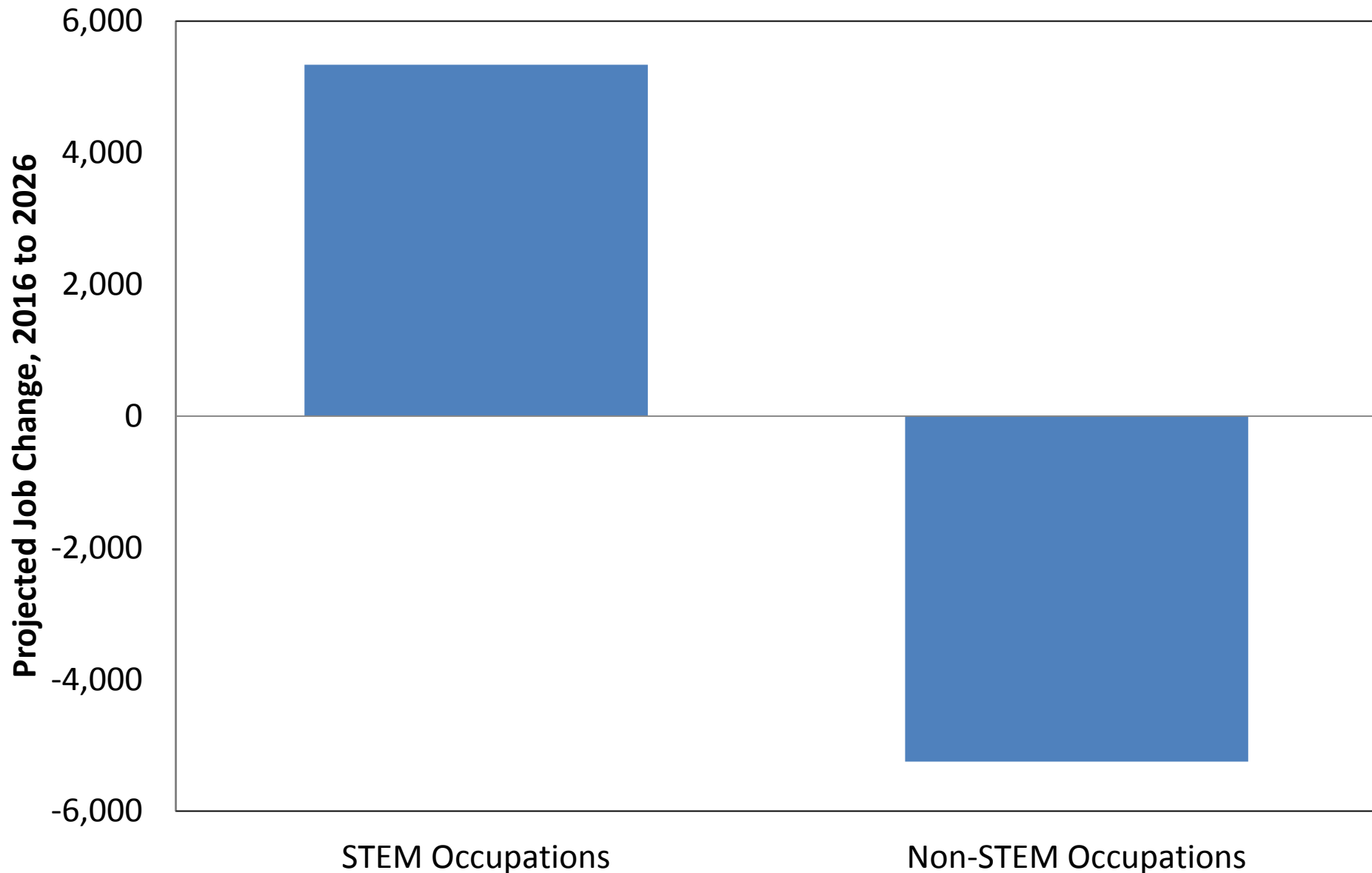
Growth is expected to continue to be concentrated in occupations that pay at the upper and lower ends of the earnings spectrum, with somewhat fewer middle wage jobs...



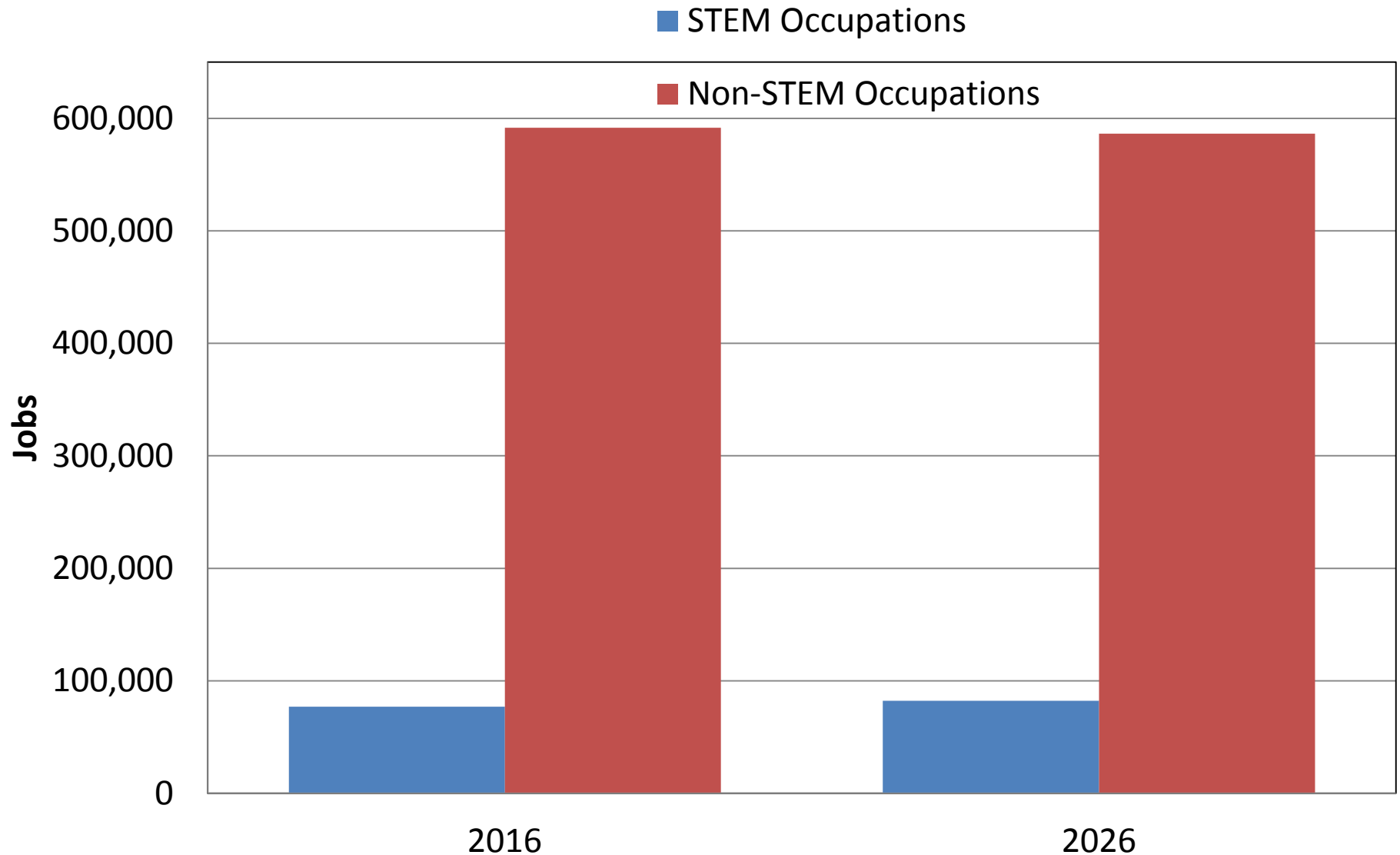
...Though the distribution of jobs by median wage is only expected to change marginally with the largest share in the middle



The number of STEM jobs is expected to rise
offset by declining numbers of non-STEM jobs...



...Though jobs in STEM occupation are expected to rise from just 11 to 12 percent of employment



STEM jobs tend to be described as a homogeneous group – they are not. 56% are in healthcare occupations and 16% in computer and math occupations. Not all are growing.

