Full Recovery: A Presentation to the Consensus Economic Forecasting Commission

Glenn A. Mills
Maine Center for Workforce Research and Information, glenn.a.mills@maine.gov

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The unemployment rate in February was 3.2%, tied for the lowest on record.* It has been below 4% in 13 of the last 16 months, only the third such period in four decades. *(seasonally adjusted)*

*Since 1976 when the current definition was incorporated.*
U-6 is the broadest measure of labor underutilization. It is one of six measures, including the unemployment rate. It includes those who want a job but were not engaged in work search and those working part-time who want full-time work, as well as the unemployed.
Inflation-adjusted wages continue to rise at the fastest rate in decades, reflecting a very competitive staffing environment.
Labor force participation has begun to rise in most age groups, as higher wages draw some into the labor market and some relocate to areas with greater opportunity.

The long-term labor force participation trend is still expected to be down based on an advancing age structure of the population.
Nonfarm payroll jobs are back to pre-recession levels, driven by declining unemployment (seasonally adjusted)
The private sector wage & salary job count reached new highs in 2016.
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In 2015 CWRI made the case that more baby boomers aging out than young people entering the workforce would prevent the state from reaching pre-recession job levels (also limiting personal income and GDP growth)

From presentation to CEFC, October 2015
In 2016 CWRI agreed with the forecast that the job count would not quite reach pre-recession levels by 2018.
The belief that we would not reach pre-recession job levels was due to larger numbers on the verge of retirement than young workforce entrants.
What’s driving stronger than expected job growth?

The total population has barely grown and the working-age population continued to decline this decade. Declines have been pretty rapid across the northwest and northeast rim of the state. Cumberland and York are the only counties with substantial population growth.
What’s driving stronger than expected job growth?

Some of the population declines are due to negative natural change (more deaths than births). Only Cumberland and Androscoggin Counties had significant positive natural change.
What’s driving stronger than expected job growth?

Most of the population declines in the north are due to negative net migration. Most of the population gains in the south are due to positive net migration. It appears that the stronger than expected job growth is from people moving from areas where there is less opportunity to areas where there is more opportunity. This has also contributed to the rapid decline in unemployment.