MEASURES OF GROWTH

2002

Performance Measures and Benchmarks to Achieve a Vibrant and Sustainable Economy for Maine

EIGHTH REPORT OF THE MAINE ECONOMIC GROWTH COUNCIL

Prepared by the
MAINE DEVELOPMENT FOUNDATION

VISION

Our vision is a high quality of life for all Maine citizens.

Achieving this vision requires a vibrant and sustainable economy supported by vital communities and a healthy environment.

Prepared for the Maine Economic Growth Council
by the
MAINE DEVELOPMENT FOUNDATION

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2002 PERFORMANCE MEASURES OF THE MAINE ECONOMIC GROWTH COUNCIL

ECONOMY

COMMUNITY

ENVIRONMENT

PURPOSE AND SCOPE

The Maine Economic Growth Council was established in 1993 and was charged with developing and maintaining a long term economic plan for the state, including goal-setting, measurable outcomes, and benchmarks. The Growth Council is administered by the Maine Development Foundation. A primary product of the Growth Council is this annual report, *Measures of Growth,* which is now in its eighth edition. Its purpose is to measure how successful Maine is in achieving the council's vision of a high quality of life for all Maine citizens.

The Maine Economic Growth Council strives to be accurate, nonpartisan, and objective, and to exhibit common sense. The Growth Council does not advocate specific strategies to accomplish the goals set forth in *Measures of Growth.* Its mission is to identify what's important and to measure how Maine is performing.

This report is not a business agenda, an environmental agenda, or a state government agenda. Rather, it is a broad-based framework for achieving a high quality of life in Maine through promoting a vibrant and sustainable economy, vital communities and healthy natural resources. Its intent is to motivate public and private leaders at the state and local level to take actions to advance the performance measures. The Growth Council has consulted numerous organizations that have a stake in Maine's economic future, and their opinions are reflected in this work. In keeping with its legislative mandate, the report takes a long view - five to 15 years - and defines quality of life and the economy broadly.

State legislators may use the report to guide their policy decisions; economic development leaders may use it to focus special attention on local priorities; and business leaders may use it to set priorities. All Maine people may use the performance measures to evaluate how we are doing as a whole at improving the economy and moving toward our vision.

REPORT STRUCTURE

Measures of Growth has a new format this year – the first significant reorganization since its inception in 1995. The structure has been revised to make the document easier to use, and more relevant, as well as to achieve more integration among the goal areas. (See the section on *Background and Report Development* for a description of the restructuring process and rationale.)

The contents of the report are driven by the Growth Council's **vision statement**, which helps to focus and guide all the work. The Growth Council envisions a high quality of life for all Maine citizens. Achieving this vision requires a vibrant and sustainable economy, supported by vital communities and a healthy environment.

To give the vision meaning, **goals** have been developed for the following key areas: the *Economy*, *Community* and *Environment.*

Sub-goals were developed under each goal to assist with the organization and selection of appropriate performance measures. The sub-goal areas also have a goal statement against which we measure progress.

Measures of Growth contains 60 **performance measures** that are specifically defined data sets used to measure progress towards achieving the stated goals. The performance measures are indicators of progress. We can look at them and see where Maine is today relative to the goals. For each performance measure, there are **benchmarks**: targets of where we would like to be on each measure at a specific time in the future.

In summary, the Growth Council believes that high quality of life for all Maine people can be achieved by working on goals in the areas of *Economy*, *Community* and *Environment.* Within these broad goal areas, ten sub-goal areas with discrete goals have also been identified. We monitor 60 performance measures and measure progress against a benchmark for each.

GOALS AND MEASURES INTEGRATED

While progress is reported on individual measures in specific goal areas, it is important to remember that their performance is related to success or failure of other issues measured in the report. All of the goal areas and performance measures are part of a larger system that is interrelated and interdependent.

The Growth Council developed a diagram to illustrate these relationships. (See the inside cover of the report.) That diagram shows the achievement of the vision statement – a high quality of life for all Maine citizens – at the intersection of the three goal areas and their measures. The diagram shows that achieving the goals and benchmarks is a cooperative effort. For instance, it has been documented that a person's income is related to his or her level of educational attainment. Protecting Maine's claim of being "vacationland", which contributes over $5 billion tourist dollars to the Maine economy each year, is largely dependent on the health and

beauty of our natural environment. The number of people in Maine who smoke cigarettes is important to economic and community vitality because of its impact on employees productivity, health care expenditures and family health.

The reader is encouraged to seek out and consider other relationships among the performance measures.

Here is a brief overview of Maine's recent progress.

OVERVIEW OF PROGRESS

The 2002 restructured report contains 40 measures that appeared in earlier editions of *Measures of Growth*, and 20 new measures have been added for a total of 60 performance measures.

Of these 40 measures that had been previously tracked, Maine made positive progress on 11, lost ground on 18 and held steady on 5 others (5 had no new data to report progress on). The 20 new measures showed mixed results relative to historical data. Definitive statements about their progress cannot be made because their benchmarks were established only this year.

The Growth Council awarded eight Gold Stars to performance measures on which we are doing exceptionally well. *Citizen Participation in Community Activities* achieved its benchmark, earning it a Gold Star. The other measures that the Council recognized for exceptional performance are: *Sustainable Forest Lands; Water Quality of Marine Areas; Crime; Employment of the Disabled; Voter Turnout, Poverty;* and *Child Well-Being.*

The Growth Council assigned 13 Red Flags to performance measures that particularly need attention. Especially noteworthy is the fact that four of these flags were assigned to the eight measures in the *Skilled and Educated Workers* sub-goal area. Red Flags were given to: *Personal Income; Research and Development Investment; New Products and Services; Local and State Tax Burden; Associate's Degree Attainment; Bachelor's Degree Attainment; Graduate Degree Attainment; Lifelong Learning; Employer-Sponsored Training; Population of Service Center Communities; Cigarette Smoking; Domestic Assaults;* and *Mercury Contamination.*

GOALS AND MAINE'S RECENT PROGRESS TOWARD ACHIEVING THEM

Below is a brief description of the progress made in the discreet goal and sub goal areas.

ECONOMY

Goal: Sustained Economic Development

A high quality of life in Maine depends on a vibrant and sustainable economy, which is stimulated by business innovation, a competitive business climate and a highly educated workforce. The vitality of communities and the health and sustainability of Maine's natural resources also depends on a vibrant and sustainable economy, and they support its achievement. The measures in this section tell us that while the Maine economy has a good foundation, it is in danger of stagnation.

PROSPERITY: The wealth of all Maine people will steadily increase.

Overall, the level of prosperity enjoyed by Maine people is relatively low and needs improvement. *Gross State Product* (GSP), the most widely accepted indicator of general economic activity, increased about 4.4 percent during 2000 (the most recent year for which we have complete data), which was a slower pace than experienced in New England, where GSP grew by 6.4 percent. In addition, our national rank on per capita *Personal Income* did not improve this year and Maine remained at 36th in the nation, earning a Red Flag again this year. Only 67 percent of Maine jobs pay a *Livable Wage*, much less than should. In addition, a new measure reports that Maine households hold too much of their disposable income in debt, a particularly troubling statistic during an economic downturn. On a positive note, Maine continues to outpace New England in *Employment.*

BUSINESS INNOVATION: Innovation will be a hallmark of Maine businesses.

The performance measures send a negative message this year regarding the extent to which Maine is achieving this goal. For the first time in eight years, *International Exports* dropped in Maine, largely a result of loss of exports in the semiconductor industry. From 1999 to 2000, the number of new businesses started in Maine increased by 3.8 percent; over the same time period the number of new businesses started in New England increased by 7.7 percent. A new measure tells us that Maine is investing much less in *Research and Development* per Maine worker than is needed to increase overall prosperity. *New Products and Services* was

given a Red Flag this year for failure to significantly improve over the past six years. According to a new measure, *Internet Connectivity* in Maine, or the number of computers connected to the Internet, has been increasing but still lags behind the national figures. Additionally, *Manufacturing Productivity* continues to increase.

BUSINESS CLIMATE: Maine will have a consistently positive business climate.

A state's business climate can either stimulate or hinder economic growth, and the measures indicate that Maine has work to do in this area. *Fiscal Stability*, which measures the relationship between changes in income and taxes, was less volatile this year than last. However, *Local and State Tax Burden* increased dramatically, justifying of a Red Flag. The *Cost of Energy*, which now measures the average cost of electricity for the industrial sector alone, has shown no improvement for the past few years, and a new measure illustrates that the *Cost of Health Care* is of concern for Maine businesses and people. The percent of freight shipped by alternative modes has decreased, a signal that the state's transportation system needs to become more competitive and efficient.

SKILLED AND EDUCATED WORKERS: Maine workers will be among the highest skilled and best educated in New England.

Education levels are considered a key factor in achieving and sustaining economic growth. The performance measures in this area tell us that Maine must focus on increasing the educational levels of its citizens, especially its workers. Over half of the measures in this section of the report were given Red Flags, an indication of the council's concern and belief that Maine has serious work to do in this sub-goal area.

Two new measures on youth learning –*Parents Reading to Children* and *Secondary School Achievement* – suggest that early learning opportunities, which are the foundation for higher education, are strong in Maine. Many more people have a *High School* education in Maine than in most other states. However, higher education degrees will likely be required for jobs of the future, and less than a third of Maine's population has attained a Bachelor's Degree. New data on *Associate's Degree Attainment* and *Graduate Degree Attainment* shows little progress, according to an estimate done by the U.S. Census Bureau since the last decennial census. Maine still lags behind New England for *Graduate Degree Attainment* and the percent of people over 25 with an *Associate's Degree* declined over the past 10 years. Maine also shows poorly in continuing education this year, with *Employer-Sponsored Training* down from the last year data were reported and very low participation in *Lifelong Learning*. Both these measures received Red Flags for continued poor performance.

COMMUNITY
Goal: Vibrant Communities

Vibrant communities are safe, attractive places to live, stimulate leadership and civic engagement, and serve as a supportive environment for children and families. These communities support the achievement of a high quality of life for Maine citizens by providing the social and familial foundation for healthy and engaged citizens and for equal opportunity. Vital communities can also attract new residents and new businesses to the state, both of which are important for a sustainable and vibrant economy. The measures indicate that while Maine communities are generally vital places, disparities exist.

CIVIC ASSETS: The vitality of Maine communities will be enhanced by increasing citizen participation and leadership.

The measures indicate that Maine's communities have many assets, but that several factors could compromise that situation. A new measure, *Child Well-Being*, reports that Maine ranks consistently in the top-ten states for healthy children and, consequently, has one of the best environments in which to raise children. *Voter Turnout* shows that Maine's involvement in the 2000 Presidential election was second in the nation. *Citizen Participation in Community Activities* has increased to the almost three quarters of the population reporting such involvement, earning it a Gold Star. Businesses also appear to be taking a more active role in their local communities and schools than last year. In spite of these trends, community assets are under strain. *Affordable Housing*, measured for the first time this year, reports that the ratio of median home price to median household income in Maine increased from 1997 and 2000. And our population continues to move out of central towns to more rural areas, promoting sprawl and its associated costs throughout the state. Maine also spent less than Northern New England on *Arts and Culture* this year, important ingredients of strong communities.

DISPARITIES: Economic disparity will be continually reduced.

There are a number of troubling disparities among Maine people that adversely affect the vitality of Maine's communities, and the extent to which people contribute to economic growth and experience a high quality of life. The *County Income Disparity* reported between Maine's wealthiest and poorest counties has still not declined, and this year per-capita income in Maine's four poorest counties was only 63 percent of that in the four wealthiest counties. There is, however, some good news. More people reported that their workplace was free of discrimination, and *Employment of the Disabled* in Maine continues to be higher than the national percentage, earning it a Gold Star this year. A new measure, *Poverty,* reveals that the percentage of Maine people are living in poverty is lower than in the United States. Additionally, the number of people living in poverty in Maine is declining.

HEALTH and SAFETY: Maine people will be healthy, and will live and work in safe communities.

Safe communities with healthy citizens are important to the vitality of Maine's communities. Mainers can continue to take pride in the continued lowering of an already low *Crime Rate*. However, *Domestic Assaults* shows Maine's women are increasingly at risk. And while Maine registers a very low rate of *Infant Mortality*, the number of deaths attributed to various *Chronic Diseases* in Maine is still too high. *Cigarette Smoking* among 18-34 year olds increased again, earning this performance measure a Red Flag. A new indicator of *Health Insurance Coverage* shows that the percentage of Maine people without health insurance coverage is lower than the national average, but still needs to be improved.

ENVIRONMENT
Goal: Healthy natural resources

One of Maine's greatest competitive advantages is its natural environment. Its health is supported through preservation and stewardship. Maine's natural environment is also important to the economy, which has traditionally been based on natural resource industries such as timber harvesting and agriculture. The measures tell us that while the state continues to host generally healthy natural resources, citizens must be vigilant and proactive about protecting the natural environment for future use and enjoyment, as well as for natural habitat.

PRESERVATION: Maine will be characterized worldwide as a place of extraordinary natural beauty.

Indicators in this sub-goal area suggest that while we are making progress, we are also falling behind in terms of preserving environmental quality in Maine. The acres of *Conservation Lands* continues to increase, and the acres of flats and waters closed to shellfish harvesting in the state's marine areas continues to decline, both positive signs. Progress has not been made in several critical areas. In the summer of 2001 Maine had fifteen poor *Air Quality* days, whereas last year only three such days were recorded. A new measure focusing on the impact of *Mercury Contamination* on Maine's wildlife reports that fewer common Maine loon chicks survive to adulthood, a proxy for the adverse impacts that mercury pollution has on our delicate ecosystem.

ACCESS: Access to Maine's natural resources will be sustained for responsible productive and nonproductive purposes.

Maintaining access to Maine's natural resources for both production and recreation is important to maintaining the state's economic advantage and promoting a high quality of life generally. The amount of forestland certified as well managed continues to increase, a good sign both for the future of the industry and the resource. However, the commercial fishing industry continues to be seriously challenged and the farming industry's viability is threatened by a continued decline in the number of acres in *Productive Farmland.*

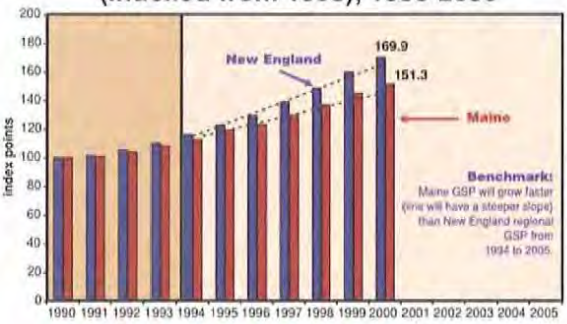
STEWARDSHIP: Maine people and businesses will be world leaders in acting for the good of the natural environment.

Many Maine people and businesses are acting as stewards of the environment, but there is room to improve. The number of trips Maine people are making using alternative modes of transport (such as buses or rail) is increasing relative to trips made with automobiles, a positive sign for the state's environmental health. The amount of municipal waste that is recycled in Maine has increased but still remains below half of all waste, and should be increased.

National Rank on Per Capita Income, 1980-2000

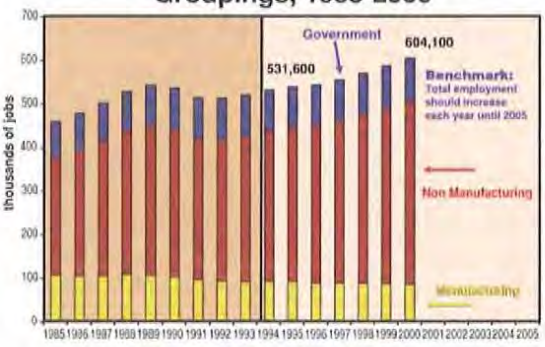
Data Source: U.S. Bureau of Economic Analysis, October, 2001.

Gross State Product, Maine & New England (Indexed from 1990), 1990-2000



Data Source: US Bureau of Economic Analysis, October 2001, and Maine State Planning Office estimate, October 2001.

(Non-farm Wage and Salary) Employment by Major Industry Groupings, 1985-2000



Data Source: Maine Department of Labor, Division of Labor Market Information Services in cooperation with the US Bureau of Labor Statistics, November, 2001.

1. Personal Income

Benchmark: Maine's national rank among the 50 states on per-capita income will improve from 35th in 1994 to 25th by 2005.

Personal Income Ranking Still Low A high personal income is a direct reflection of economic prosperity, and helps to support other economic activity. Maine ranks 36th in the nation on personal income standings. Historically, Maine has been approximately 15 percent below the national average on per-capita income figures. This performance measure gets a Red Flag again this year because of lack of progress in increasing the personal income of Maine people relative to other states in the union.

Maine's lack of improvement in this performance measure is best explained in relation to larger gains experienced in per-capita income in the region and nation. In 2000, Maine's income per-capita (total income earned in the state divided by the state's population) was $25,399, compared to the New England average of $38,824 and the United States' average of $29,451. From 1999 to 2000, per-capita income in Maine grew by 3.24 percent while per-capita income for the U.S. as a whole grew 3.18 percent and per-capita income across New England grew 4.83 percent. Income is derived from wages and salaries but it also comes from other sources such as returns on investments and transfer payments from government.

Increasing personal income is fundamental to achieving a high quality of life for Maine citizens. People are able to live a high quality life if they have the means to secure its foundation, whether that is housing, health insurance or a car to drive to work. Luxuries, which many people include in their definition of a high quality of life, also depend on a reasonable income. Personal income should also be viewed with cost of living differences between states and regions in mind.

The U.S. Bureau of Economic Analysis periodically revises existing data on personal income. During those revisions, the BEA adjusts methodology, source data and other input factors as necessary to provide a more accurate picture of the state of the economy. Those adjustments account for the shifts of Maine's historical ranking in personal income among the 50 states.

2. Gross State Product

Benchmark: Maine's gross state product will grow faster than New England's, on average, between 1994 and 2005.

Maine's Economic Growth Slows Relative to New England's In 2000, Maine's gross state product was estimated to be $35.6 billion, up 4.4 percent from 1999. During the same time period, the New England economy grew at a faster pace of 6.4 percent. The Maine economy accounts for about 6 percent of New England's economy.

Since the Maine Economic Growth Council began tracking this performance measure in 1994, the New England economy has grown 46.4 percent while the Maine economy has grown 34.1 percent.

Gross state product is the value added in production by labor and property located in a state. It is a fundamental measure of economic health and the primary determinant of the extent to which an economy is growing or in recession. The sum of value added in all industry sectors totals gross state product.

For ease of comparison, the graph shows Maine and New England data indexed to 1990, whereby 1990 values were equalized to 100.

3. Employment

Benchmark: The number of jobs held by Maine people in all major industry groups, 531,600 in 1994, will increase each year until 2005.

Employment in Maine Up Overall, But Manufacturing Employment Continues Slow Decline From 1999 to 2000, employment in Maine grew 3.1 percent while employment in New England as a whole grew 2.3 percent and employment in the nation grew 2.2 percent. For each of the past six years, the number of jobs in Maine has increased an average of 2.2 percent per year.

This year the performance measure breaks employment figures into three major industry groups – Manufacturing, Non Manufacturing (*which includes: Mining; Wholesale Trade; Retail Trade; Construction; Services; Finance; Insurance and Real Estate; Transportation; and Communications and Public Utilities*) and Government. This was done to provide a closer look at the composition of employment in Maine. The graph shows that the non-manufacturing and government sectors have increased over the years while manufacturing jobs in Maine have been declining for more than a decade.

Several industries in particular are contributing to the growth in employment in the non-manufacturing group. From October 2000 to October 2001, Maine's construction industry added 1,500 jobs - a 5.3 percent increase. Maine's service industries added 8,500 jobs, for a 4.9 percent increase. During the same time period, the number of manufacturing jobs decreased by 1.2 percent.

Those figures represent full and part-time annual average employment, but do not include farm workers or self-employed people. This is an indicator of the number of jobs in Maine, unlike the unemployment rate, which indicates how many people are out of work. This performance measure should be viewed with the next indicator, which depicts *Jobs that Pay a Livable Wage*.

4. Jobs that Pay a Livable Wage

Benchmark: The percentage of jobs that pay a livable wage will improve from 65 percent in 1995 to 85 percent by 2005.

Percent of Maine Jobs that Pay a Livable Wage Stagnant In 2000, about 67 percent of all jobs in Maine paid what the Growth Council calculates to be an annual livable wage for that year: $20,792 for a family of two. There has been no change in this percentage since the last report.

If people are not earning a high enough wage to support themselves and their non-income earning dependents (such as children, spouses, or elders), they are forced either to live without some basic necessities, or depend on some type of public assistance. Each has a negative impact on individual health and morale, and on the economy. Jobs that pay below a livable wage are not likely to contribute to a vibrant and sustainable economy and they ultimately result in higher taxes for Maine businesses and citizens.

This performance measure considers a livable wage to be 85 percent above the poverty line (established by the U.S. Department of Labor) wage for a family of two. In that way, it is directly related to the number of Maine people living in poverty. The family size of two was chosen because roughly half of all Maine people are employed (each job in Maine supports roughly two people).

The number of livable wage jobs is calculated by looking at the average annual wages paid in each Maine industry (451 of them defined by a three-digit Standard Industrial Code) and simply adding up the number of jobs in those industries that pay above the livable wage. This number is then divided into the total number of jobs to arrive at the percentage of jobs that pay a livable wage.

Data Source: Maine Development Foundation analysis based on Maine Department of Labor, Division of Labor Market Information Services, ES-202, Covered Employment and Wages Program, November 2001.

5. Dependency Ratio

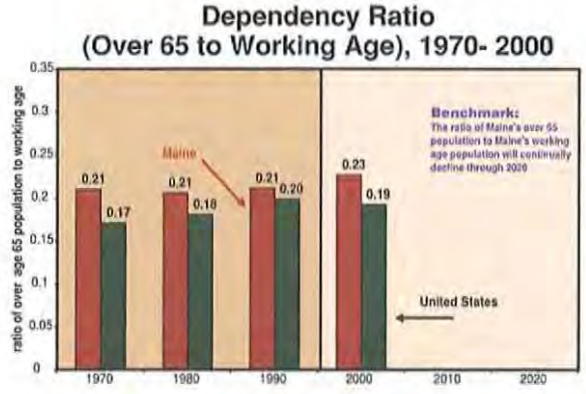
Benchmark: The ratio of Maine's over 65 population to Maine's working age population, .23 in 2000, will continually decline through 2020.

Almost a Quarter of Maine's Population Over 65 and Dependent In 2000, the ratio of Maine's population over 65 to Maine's working age population (those between the ages of 17 and 64) was .23, meaning that for every 100 working-age people in Maine there are 23 people who were over 65. This is an increase from 1990 when the ratio was .21 and higher than the 2000 national ratio of .19.

The ratio of Maine's elderly population to its workforce is expected in increase over the next decade and will have a significant impact on Maine's economy. As a result, the state will likely face increased costs and demands for such things as health care and transportation. The cost of these new services will largely be borne by a diminishing workforce population, which is also predicted by Maine demographers.

This measure is called the dependency ratio because it broadly defines people over 65 as dependent based on the fact that they are, in general, no longer working. However, many people over the age of 65 are active, contributing members of society that are financially independent. The state is investigating ways to capitalize on that group's energy and expertise, as well as potential new markets.

The dependency ratio is derived by comparing the population that is over 65 to the population that is of employment age – between 17 and 64 years of age. This measure is an indicator of the economic challenges of Maine's shifting demographics and should not be viewed as a derogatory statement about Maine's elderly population. Achievement of the goal should be addressed from the perspective of increasing the working population of the state rather than decreasing the elderly population.



Data Source: Margaret Chase Smith Center for Public Policy, based on U.S. Decennial Census data, November 2001.

6. Household Debt

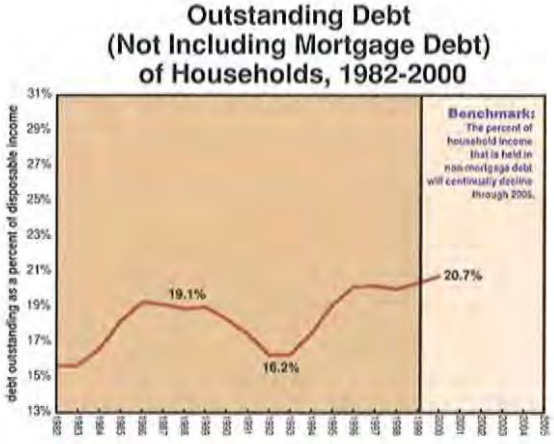
Benchmark: The percent of household income that is held in non-mortgage debt, 20.7 percent in 2000, will continually decline through 2005.

Debt Comprises One-Fifth of Disposable Income in Maine Households In 2000, the outstanding debt of Maine households was 20.7 percent of disposable income, an increase from 1999, when that percentage was 20.3 percent. Debt levels have been increasing in Maine households since 1992 and have historically been above 15 percent of disposable household income.

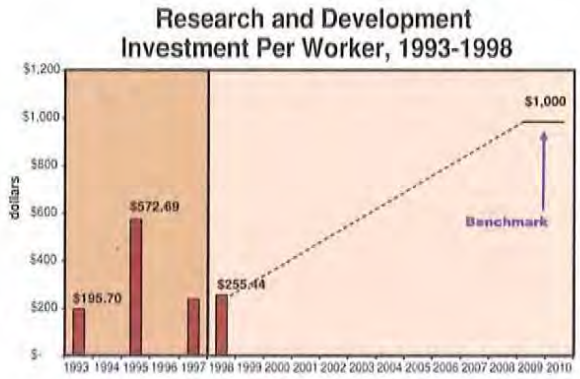
Household debt levels in the United States have historically been very similar to those in Maine. Nationally, outstanding debt was 21 percent of disposable income in 2000.

When Maine households carry a large percentage of their disposable income in debt, they are vulnerable and are ill-prepared to weather an economic downturn. Keeping a high percentage of disposable household income in debt also decreases the amount of money that families can put into savings or investments, which are important to long-term economic security.

Household debt represents all debt, except mortgage debt, including credit cards, store cards, and debt owed to companies such as utilities or phone companies. Disposable income is the amount of money that a household has available for immediate purchases and payments.



Data Source: Maine State Planning Office, October 2001.



Data Source: National Science Foundation, Division of Science Resource Studies, *National Patterns of R&D Resources*. 2000.

7. Research and Development Investment

Benchmark: Investments in research and development per Maine worker, $255.44 in 1998, will increase to $1,000 per worker by 2010.

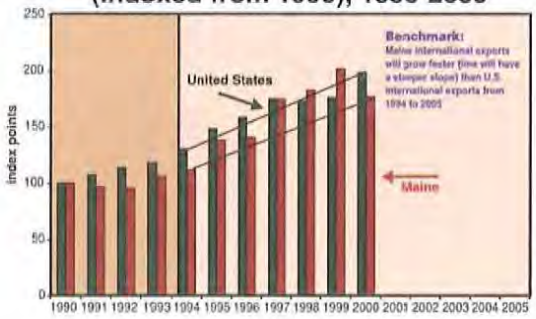
Research and Development Investment Needs to Increase In 1998, Maine companies, nonprofits and education institutions invested over $159 million dollars in research and development. In that year, 623,500 people were working in Maine, meaning that Maine invested $255.44 per worker on research and development in 1998. That is an increase from 1997, when the same groups spent only $237.49 per worker in Maine.

Although Maine increased the amount of research and development spending per worker from 1997 to 1998, the state has a long way to go to achieve the established benchmark. To call attention to the work that needs to be done in this performance measure, the Growth Council has given it a Red Flag this year.

Investment in research and development has been identified as a foundation and significant driver of prosperity and a high quality of life. In Maine, industry consistently invests the most money relative to other sectors in research and development - $82 million in 1998. Still, in order to achieve the stated goal, Maine's industries will need to be even more focused on research and development. That will require continued focus on encouraging innovation and technology, including continued development of industry clusters.

It is important to note that 1998 data does not include recent increases in Maine state government investments in research and development. State research and development investment in Maine has increased from $9 million in 1998 to over $40 million in 2001, according to the Maine Science and Technology Foundation.

An analysis by the Maine State Planning Office identified research and development and bachelor's degree attainment levels as the key to increasing per-capita income in Maine. The study determined that Maine would need to spend $1,000 (in 2001 dollars) per worker to increase its per-capita income. The benchmark for this indicator is based on this analysis.



Data Source: Maine International Trade Center. Data provided by the Massachusetts Institute for Social and Economic Research (MISER), September 2001.

8. International Exports

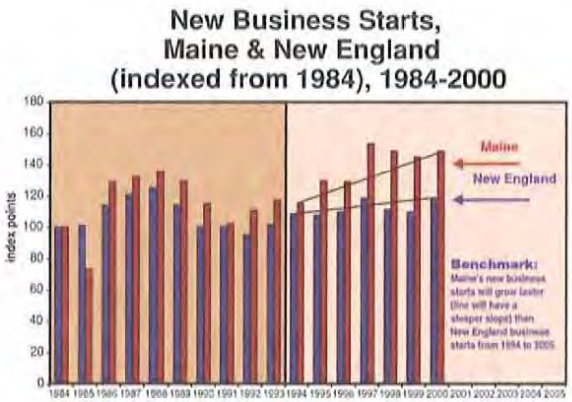
Benchmark: The value of Maine's international exports will grow faster, on average, than the growth in value of US international exports from 1994 to 2005.

International Exports Decline For the First Time in Eight Years From 1999 to 2000, Maine exports declined 12.6 percent while U.S. exports grew 12.2 percent. This is the first time in eight years that the amount of international exports has declined in Maine.

In 2000, Maine companies exported $1.9 billion worth of products. $895 million worth of product was exported to Canada, $137 million worth of product to Malaysia, and $79 million worth of product to Japan. Fifty-five percent of all Maine exports in 2000 were in semiconductors, paper products, and lumber and wood products.

Maine's international exports fell between 1999 and 2000 largely because of a decline in the state's shipments of semiconductors to Singapore and Malaysia. However, other markets in the same industry grew, diversifying markets as well as products. The electronics and electrical equipment industry, including semiconductors, had produced a buoying effect for Maine since taking off in 1997, eclipsing paper and allied products, which regained its top spot when the export of semiconductors waned in 2000.

These data represent the value of products exported to other countries, but exclude services. For ease of comparison, the graph shows Maine and United States data indexed to 1990, whereby 1990 values were equalized to 100.



Data Source: US Small Business Administration, Office of Advocacy, October 2001.

9. New Business Starts

Benchmark: Maine's rate of annual growth in the number of new businesses started will outpace the New England rate from 1994 to 2005.

Maine Experiences Growth in New Business Starts, Slower Than in New England In 2000, 5,135 new businesses started in Maine, 3.8 percent more than in 1999. The rate of new business starts across New England outpaced Maine, increasing 7.7 percent over the same time period.

This performance measure is an indicator of the availability of investment capital and the extent to which people perceive economic opportunities.

The measure itself does not consider the number of business failures, acquisitions or mergers. It is the number of businesses each year that are "a new registration" with the state, or an applicant for a new account number with the state's department of employment security. Also, the data presented here reflect only new businesses that have at least one employee, other than the owner.

For ease of comparison, the graph shows Maine and New England data indexed to 1990, whereby 1990 values were equalized to 100.

10. Job Growth Among New Businesses

Benchmark: Maine's national rank among the 50 states on job growth among new businesses will improve from 49th in 1993 to 31st by 2005.

National Rank on Job Growth Stagnant This measure looks at number of new jobs created in firms less than five years old. In 1999, Maine's national standing on job growth among new businesses remained stagnant at 43rd.

This measure indicates whether new businesses are sustaining themselves, growing, and contributing positively to the economy. It is also an indicator of financing available from banks and public lenders. A vibrant and sustainable economy depends on those factors.

A long-term growth in the economy requires not only that an increasing number of new businesses get started each year, but that existing businesses actually add jobs.

National Rank on Job Growth Among New Businesses, 1992-1999

Data Source: Corporation for Enterprise Development, Development Report Card for the States, 2001.

11. New Products and Services

Benchmark: The percentage of Maine for-profit businesses that develop new products or services each year will improve from 44 percent in 1995 to 70 percent by 2005.

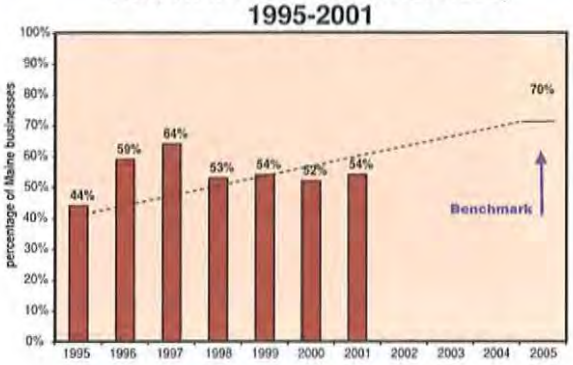
Red Flag Highlights Historical Lack of Improvement In 2001, 54 percent of Maine businesses reported that they developed new products or services. This is a relatively direct measure of business innovation and is an important indicator of how well existing Maine businesses are competing and adapting to new customer needs and managing economic pressures.

Because of a historical lack of improvement, the Growth Council has given this performance measure a Red Flag this year. Over the past four years, the percentage of Maine businesses reporting that they have developed new products or services has remained low, a troubling trend for this fundamental measure of business innovation.

In a fast-paced, global economy, Maine businesses must be able to capture new markets and expand through the development of new products and services. Although the percentage did increase this year, the Growth Council would like to see even greater improvement in the percentage of Maine businesses producing new products and services because it is so critical to promoting a vibrant and sustainable economy in Maine.

Maine leaders of for-profit businesses were asked: "Over the past 12 months, did your company develop new products or services that are consistent with your core business?" The data above reflect the percentage that responded "yes." The 2 percent point change from 2000 to 2001 is not significant given the survey sample size.

Percentage of Businesses With New Products or Services, 1995-2001



Data Source: Maine Development Foundation Annual Survey of Maine Businesses, 1995-2001.

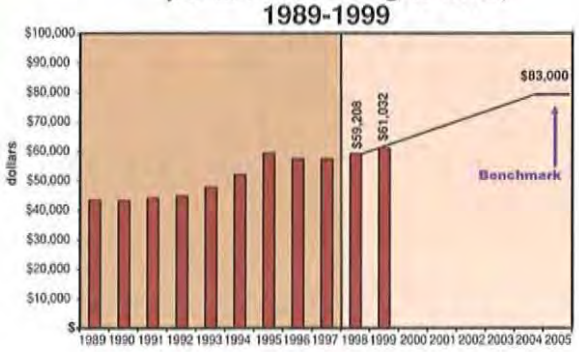
12. Manufacturing Productivity

Benchmark: The value added per manufacturing worker in Maine, $59,208 in 1998, will increase to $83,000 per worker by 2005.

Productivity Continues to Increase In 1999, each manufacturing worker in Maine produced about $61,000 worth of product on average, an increase of 3.1 percent from the average value of product produced per manufacturing worker in 1998. During the same time period, inflation increased by 2 percent.

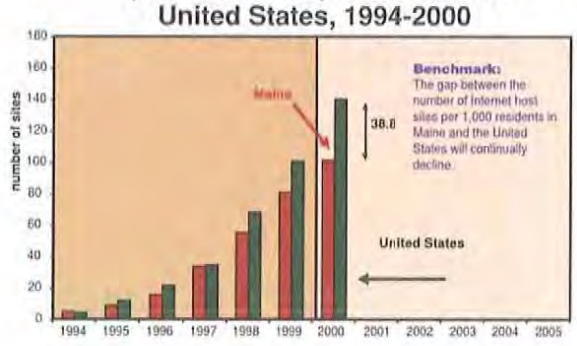
Productivity is calculated in this performance measure by dividing the total number of manufacturing employees into value added by the manufacturing sector in Maine. (Value added is defined as the amount contributed by the sector to the state's gross state product.) Productivity measured in this way does not strictly reflect worker productivity because capital improvements also increase the value of product.

Manufacturing Value Added per Manufacturing Worker, 1989-1999



Data Source: Bureau of Economic Analysis, October 2001 and the Maine Department of Labor, Division of Labor Market information, October 2001.

Internet Host Sites per 1,000 Residents, Maine and the United States, 1994-2000



Data Source: Host data provided by Matrix.net. Population data from the U.S. Census Bureau. Maine Science and Technology Foundation, October 2001.

13. Internet Connectivity

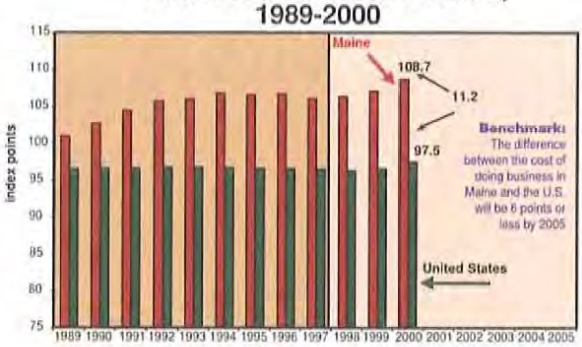
Benchmark: The gap between the number of Internet host sites per 1,000 residents in Maine and the United States, 38.8 sites in 2000, will continually decline through 2005.

Maine Residents Not As Connected to the Internet As The Nation In 2000, Maine had 101.5 Internet host sites per 1,000 residents as compared to the United States, which had 140.3 sites per 1,000 residents. Thus, the gap between the number of host sites per resident in Maine and the United States was 38.8 in 2000.

Viable and sustainable economic growth depends in part on Maine's ability to transition to a more global marketplace linked by an advanced telecommunications network. This measure provides a general idea of the increases and decreases in the number of people and businesses using the Internet. Though one cannot determine how the Internet is being used, whether it is personal transactions or accounts processing, increasing the raw number of people and businesses connected bodes well for creating a vibrant economy.

An Internet host is a computer or computer system physically connected to the Internet. It is an estimate of the minimum number of computer systems connected to the Internet, because a given host may support numerous Internet connections. Currently, no method is available to accurately determine the number of physical users accessing Internet services through a given host. It is also considered a minimum estimate because host surveys may be blocked from reaching certain hosts by firewalls.

Cost of Doing Business, Maine and the United States, 1989-2000



Data Source: Regional Financial Associates, *Cost of Doing Business Index*, 1989-2000.

14. Cost of Doing Business

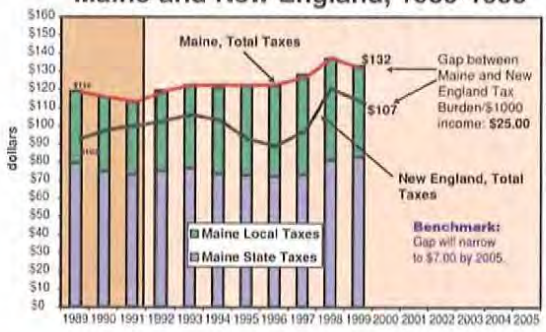
Benchmark: The difference between the cost of doing business in Maine and the U.S., 10 points in 1998, will decease to 6 points or less by 2005.

Cost of Doing Business High in Maine Relative to U.S. Maine's cost of doing business index for 2000 was 11.2 points higher than the national average of the cost of doing business and 1.1 points higher than the average cost of doing business in New England states. This represents a serious deficit that Maine needs to overcome. This performance measure is an important indicator of the costs of operating a business in the state of Maine relative to other states, and an important consideration of businesses looking to relocate to Maine, expand, or leave the state.

The index includes the unit cost of labor, the energy costs, and the tax burden in each state. Unit labor costs comprise 75 percent of the index, energy costs comprise 15 percent and the tax burden is 10 percent of the total index. Unit labor costs are defined as the average wages and salaries earned per dollar of output created. The energy cost component of the index compares the average commercial and industrial electricity costs, in cents per kilowatt-hour, to the U.S. average. The tax burden is the total tax burden as a percent of total personal income indexed to the national effective tax rate, which is calculated in the same manner.

Maine was ranked 8th in the nation in the last two editions of this index. In 2000, other New England states were also listed the top ten most expensive states to conduct business, including Massachusetts (4th), Connecticut (5th) and Vermont (10th). Maine's high rank is attributed to its high state and local tax burden, which placed Maine 3rd in the nation on this component of the index in 2000 and was 24.8 points higher than the national average. In the same year, Maine's energy index was 43.9 points higher than the U.S. average, 7th highest in the nation. Only the unit labor index was .5 points lower than the national average in 2000, according to calculations done for this particular index.

Individual Tax Burden of all Taxes per $1,000 Income Maine and New England, 1989-1999



Data Source: US Census, State and Local Government Finance Estimates, 1989-1999.

15. Local and State Tax Burden

Benchmark: The gap between Maine and New England in state and local tax burden per $1,000 of income generated will improve from $8.70 in 1992 to less than $7.00 by 2005.

Tax Burden Gap Widens Even Further this Year In 1999, Maine people earned about $30 billion of income, and paid a total of $4 billion in state and local taxes. For every $1,000 earned as income in Maine, about $132 was paid in state and local taxes. The average tax burden per $1,000 of income for New England for the same year was about $107, a gap of approximately $25, and a significant increase from 1998 when the gap was only $18. The Growth Council has chosen to give this performance measure a Red Flag this year because of its continued decline.

People and businesses making decisions about where to locate look at the amount of taxes they will have to pay as part of that decision. Maine competes with other New England states to attract people and businesses, and is concerned with its comparative tax burden. National indices and many experts place Maine within the top tenth percentile of states with the highest tax burden, which is cited by many Maine businesses as a disincentive to do business in the state.

There are several ways to measure tax burden. This measure was chosen because it considers ALL taxes paid to state and local governments, not just income taxes or any other specific type of taxes. Also, unlike per-capita measures, this measure relates taxes to the state's relative wealth, not the size of its population. It is calculated by adding the total amount of income, sales, property, corporate income, and other taxes collected (it does not include transfers from the federal government or other revenue sources such as liquor or lottery sales) and dividing that by the total amount of income earned by individuals (as a proxy for wealth of the state). The same calculation is made for Maine and for New England as a whole.

16. Cost of Energy

Benchmark: The cost of electricity for the industrial sector in Maine will decrease to less than 130 percent of the average cost of electricity for the industrial sector in the US by 2005.

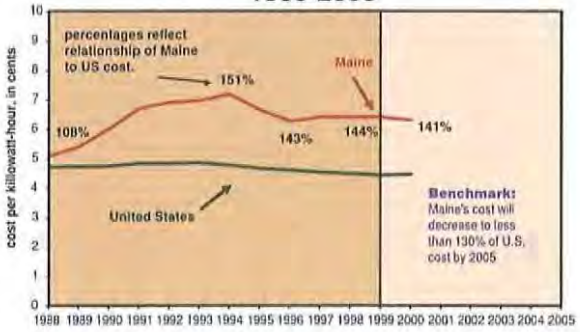
Maine Industrial Energy Costs Decrease Relative to National Average In 2000, electricity cost Maine's industrial sector an average of 6.3 cents per kilowatt-hour. Across the nation as a whole, the industrial sector paid an average of 4.5 cents per kilowatt-hour. The graph shows that in 2000, Maine industrial electric consumers paid almost one and a half times (141 percent) the national average.

The cost of electricity is a fundamental cost of doing business and its cost reflects and affects other economic conditions. It is important that the cost of energy in Maine be competitively low in order to attract and retain businesses and to help support the vitality of the state's industrial operations. Actual lower costs may reflect lower delivery costs.

Maine's residential consumers paid 12.8 cents per kilowatt-hour in 2000. Nationally, residential consumers paid an average of 8.2 cents per kilowatt-hour. Commercial customers also pay more per kilowatt-hour than industry, but less than residents, for the energy they consume. In 2000, Maine commercial entities paid an average of 10.7 cents per kilowatt-hour.

Electricity costs are beginning to be reported disaggregated, with the production costs separated from the transmission and distribution costs. Transmission and distribution costs include stranded costs. Stranded costs reflect net, above-market costs of generation obligations the utilities have incurred since the 1980's, prior to restructuring that occurred in the late 1990's in Maine. These costs are passed on to consumers through utilities' rates. Almost 30% of delivery costs are attributed to stranded costs, which should be reduced once the existing generation contracts expire within the next decade.

Average Cost of Electricty, Industrial Sector, Maine and United States, 1988-2000



Data Source: US Department of Energy, Energy Information Administration, Annual Electric Utility Reports,1988-2000.

17. Cost of Health Care

Benchmark: The annual increase of health care insurance for Maine State Employees, 10.8 percent for 2001, will decline and eventually equal inflation.

Personal Health Expenditures in Maine Rising The monthly premium for health insurance for Maine State Employees has been generally rising over the past decade. In 2001, the average premium paid was $401.98 per month for a single person, a 10.8 percent increase from 2000 when that rate was $362.76. During the same time period, inflation increased 3 percent.

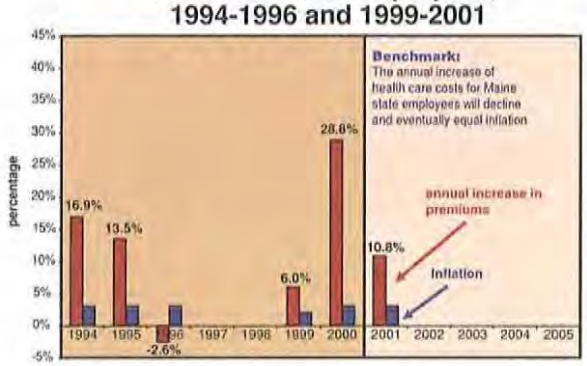
While the cost of health insurance for Maine State Employees cannot represent the cost of health insurance for all Maine businesses and private enterprises, it does serve as a proxy for overall increases in cost.

Health care insurance is a significant benefit for employees and an important part of recruiting and maintaining good workers. Therefore, the affordability of health care insurance is an important part of Maine's business climate.

The cost of health care is of major concern to Maine businesses and citizens alike. Nearly 60 percent of Maine citizens have some portion of their personal health expenditures covered under an employer-based health insurance program. Cost shifting by government and those who lack adequate insurance coverage is placing an increased burden the privately insured, which is increasing costs for businesses.

A study done for Governor King's Blue Ribbon Commission on Health Care found that in 1999 about 12.3 percent of national GDP was spent on health care, whereas in Maine the amount is about 13.9 percent. A comparison of actual costs per person shows that health care spending in Maine was $3,732 per person and $3,798 per person nationally in 1999.

Annual Increase in Health Care Costs for Maine State Employees, 1994-1996 and 1999-2001



Data Source: State of Maine, Department of Administrative and Financial Services, Division of Employee Health and Benefits, December 2001.

18. Transportation Infrastructure

Benchmark: The percentage of all manufacturing freight shipped in Maine that goes by rail, water, or air (11 percent in 1997) will improve relative to the amount shipped by truck, through 2005.

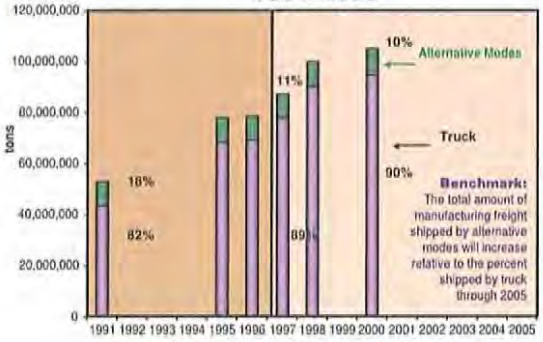
Percent of Freight Shipped by Alternative Modes Decreases In 2000, approximately 90 percent of all manufacturing freight tonnage transported in Maine was done by truck, while 10 percent was shipped by rail, water, and air. This is an increase from 1997, when 89 percent of shipping was done by truck and 11 percent by other means.

In total, an estimated 105 million tons of freight were shipped in Maine in 2000. Overall, the amount of manufacturing freight shipped in Maine increased 17 percent from 1998 to 2000.

A good business climate requires an efficient transportation system. While trucks serve as an important means of transport in Maine, it is often more efficient to use other modes to carry large amounts of cargo. The increase in heavy truck traffic has increased traffic congestion and the rate of pavement loss and bridge stress, particularly on older local and secondary highway systems, all of which reduce the speed of travel. The situation also can translate into increased highway and bridge funding needs.

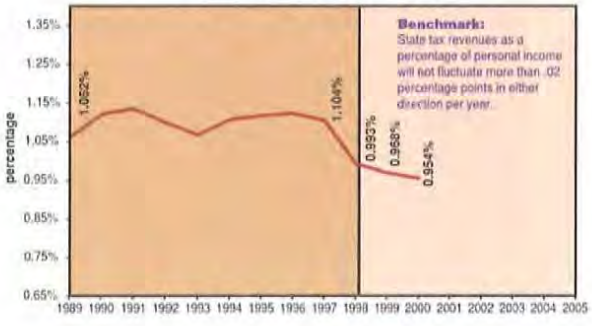
Improving the balance among transport modes will result in increased modal choice and competition, which will increase the efficiency of Maine's transportation system. Maine has a number of underutilized transport modes: railroads, airports, and seaports that can efficiently transport large amounts of cargo. Greater utilization of rail in particular, as well as air and seaports, would increase competition and relieve the dependency on the traditional road system.

Transport of Manufacturing Freight by Truck & Alternative Modes, 1991-2000



Data Source: Maine Department of Transportation, November 2001.

State Tax Revenues as a Percentage of Personal Income in Maine, 1989 - 2000



Data Source: US Census Bureau, State Government Finances, 1989-2000. Maine State Planning Office and the Bureau of Economic Analysis, 2001.

19. Fiscal Stability

Benchmark: State tax revenues as a percentage of personal income will not fluctuate more than .02 percentage points in either direction per year through 2005.

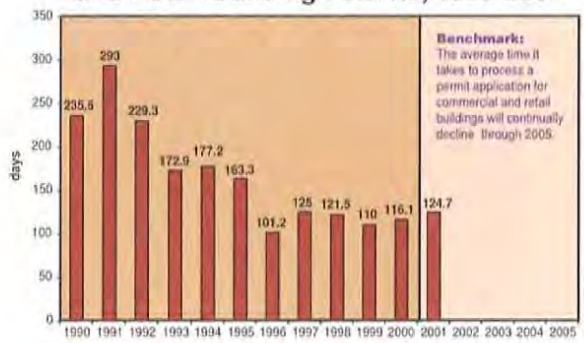
Maine's Fiscal Policy Somewhat More Stable at Last Look In 2000 Maine's state tax revenues declined relative to changes in the state's personal income. The .014 percentage point decline between 1999 and 2000 is within the established range of fluctuations of no more or less than .02 percentage points, signaling relative fiscal stability between those years.

Fiscal stability is important to Maine's economic health because businesses are better able, and more willing, to make sound investments in a stable fiscal environment.

Comparing state taxes as a percentage of personal income over time provides a proxy for the stability of fiscal policy in the State of Maine. In a fiscally stable environment, one might expect state tax revenues to increase and decrease relative to changes in personal income. The graph depicts this relationship. A perfect correlation between taxes and personal income would be reflected in a line with zero change. Fluctuations away from this line represent volatility in fiscal policy, meaning that taxes were raised despite no increase in personal income.

This indicator should be considered along with the other measures of government efficiency contained in this report, primarily *Local and State Tax Burden* and *Business Opinion of State Government.*

Average Time to Process Commercial and Retail Building Permits, 1990-2001



Data Source: Maine Department of Environmental Protection, November 2001.

20. Building Permit Efficiency

Benchmark: The average number of days to process a permit under Maine's Site Location of Development Law for new commercial and retail buildings, 124.7 days in 2001, will continually decline through 2005.

Permit Processing Time Cut in Half Over Last Ten Years In 2001, the time it took to process a permit under the Site Location of Development Law for a new commercial or retail building permit was an average of 124.7 days, a slight increase from 2000.

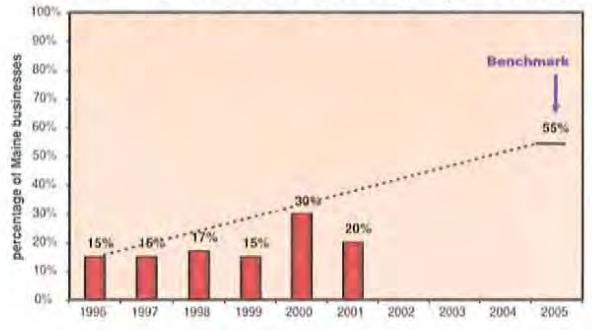
The length of time that it takes to process a permit for a new business or commercial enterprise can affect a business's decision to expand or establish operations because of the time and other resources involved.

The average number of days reported for permit processing under the Site Law is a result of many factors including the integrity and impact of the project, the number of projects to be permitted, the expertise of those submitting the permit, local opposition to the permit and the number of other agencies that may be involved in the process.

The permit process was established to allow time to consider the merits and impact of a proposed development, and is important to overall quality of life in the state. Maine's Site Law was passed in 1970 and requires review of developments that may have a substantial effect upon the environment. A permit is issued if a project meets applicable standards addressing areas such as stormwater management, groundwater protection, infrastructure, and noise. The time frame for permit processing is mandated by the state legislature and was originally set at 240 in 1994.

The Maine Department of Environmental Protection, which is responsible for processing permits, sets targets for permit processing time annually. Currently, the department has set the goal of reviewing each permit application in 185 days or less. 124 days is the average time it took the department to process all permits in 2001. Reduction in permit processing time over the past decade largely reflects increased efficiencies within the department.

Business Opinion of Value of State Services for Taxes Paid, 1996-2001



Data Source: Maine Development Foundation, Annual Survey of Maine Businesses, 1996-2001.

21. Business Satisfaction with State Government

Benchmark: The percentage of Maine's for-profit businesses that regard the value of state services that they receive for the taxes they pay to the state as "good" or "excellent" will improve from 15 percent in 1996 to 55 percent by 2005.

Businesses' Opinion of State Government Down This Year In 2001, 20 percent of businesses surveyed responded "good" or "excellent" to the following question: "How would you rate the value of state services that you receive for the taxes you pay to the state?"

Maine's business climate is directly influenced by state government policies and programs. This performance measure serves as an indication of how well received these policies are, and as a reflection of how well they have stimulated a positive business climate.

The survey data illustrate that only one-fifth of Maine companies, regardless of size or focus, were pleased by the services provided by the state government for their tax dollar spent. This year's response is significantly lower than last year's percentage of 30 percent, but is more typical.

22. Parents Reading to Children

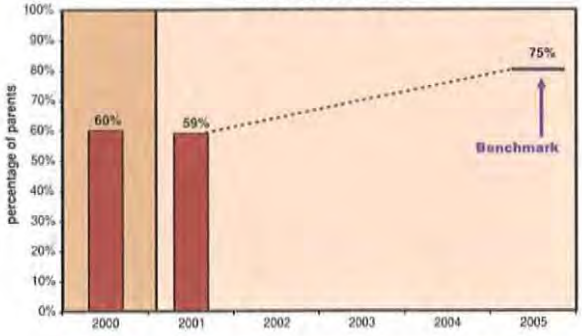
Benchmark: The percentage of Maine parents reading to their children every day will increase from 59 percent in 2001 to 75 percent by 2005.

Over Half of Maine Parents Report Reading to their Children In 2001, 59 percent of Maine parents reported reading to their children every day. This is the second year that Maine parents were surveyed on this question, which asked how often Maine parents read to their children. The graph represents the percent of parents responding "every day."

Reading to children is important to the economy and Maine's communities because it is part of the foundation for educational success. Reading and engaging children in literacy-related activities promotes language acquisition. Reading correlates with literacy development and with achievement in reading and comprehension, and overall success in school.

This question was asked as part of the Maine Development Foundation's Annual Survey of Maine Citizens on behalf of the Governor's Children's Cabinet. The data is used by the Cabinet in an annual indicators report on the well-being of Maine's children called *Maine Marks*.

Percentage of Parents Reporting Reading to Their Children Every Day, 2000 and 2001



Data Source: Maine Development Foundation, Survey of Maine Citizens, 2001.

23. Secondary School Achievement

Benchmark: The percentage of Maine 11th graders meeting or exceeding standards on Maine's Educational Assessment tests in math, science and reading will all continually improve through 2005.

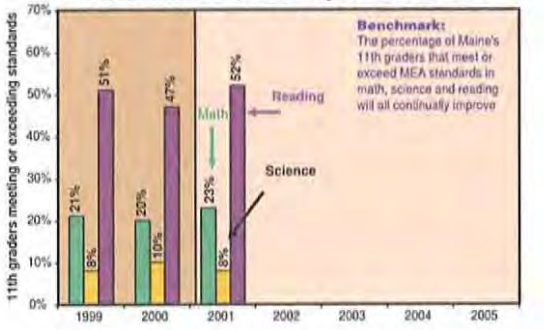
Maine's 11th Graders Perform Poorly in Math and Science In 2001, 11th graders in Maine showed mixed achievement results on several key subjects in the Maine Educational Assessment (MEA) exams. In science, only 8 percent of Maine students met or exceeded the test's expectations and in math only 23 percent met or exceeded expectations. In reading the students performed better, with more than one-half of 11th graders meeting or exceeding expectations.

An educated workforce is fundamental to long-term economic growth in Maine, and education in secondary schools provides a foundation for all future learning. Assessing the performance of Maine's secondary school students provides important information that can help Maine's educators provide an even higher-quality learning experience.

By national secondary school assessment tests Maine ranks at the top in educational performance levels. Maine was also the first state to adopt a comprehensive, results-driven system of learning that will eventually base graduation on achievement of set learning standards. Learning Results serves as the focal point for state and local efforts to improve student learning, define professional development needs, update local curriculum and instructional practices, and assess student achievement.

The state assessment system for Learning Results includes the MEA, which is given to students in grades 4, 8, and 11 in several content areas. Science, math, and reading were chosen as representative subjects because of the critical importance of those skill sets to building an effective workforce.

Percentage of 11th Graders Meeting or Exceeding Standards, Select Maine Educational Assessment Exam Subjects, 1999-2001



Data Source: Maine Department of Education, October 2001.

24. High School Diplomas

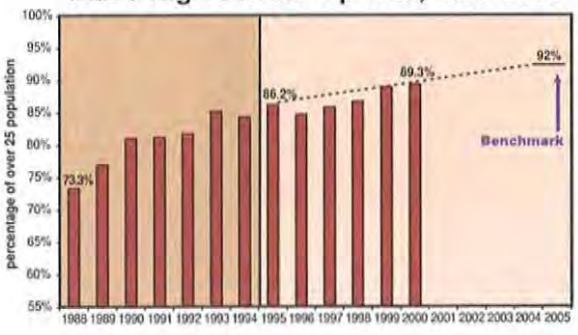
Benchmark: The percentage of Maine people over the age of 25 who have attained a high school diploma or beyond will improve from 86.2 percent in 1995 to 92 percent by 2005.

Slow Improvement Registered In 2000, the last year for which we have data, 89.3 percent of Maine people over the age of 25 had completed high school, either by earning a diploma or a high school equivalency. Nationally in 2000, the percent of people over 25 with a high school diploma or equivalency was 84 percent and the New England rate was 86 percent. In the five other New England states, only Vermont had a higher educational attainment level, 90 percent, than Maine.

An educated workforce is fundamental to a high quality of life and long-term economic growth, and a high school diploma is considered a basic credential for obtaining meaningful employment.

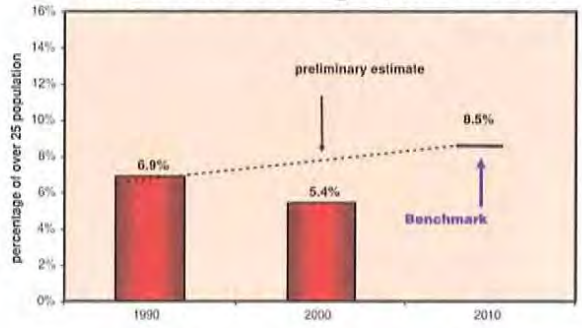
The 2000 data comes from the U.S. Census Bureau's March Current Population Survey. The confidence level reported for these figures overall is 90 percent, with a confidence interval of +/-1.7.

Percentage of Population over 25 with a High School Diploma, 1988-2000



Data Source: US Census Current Population Survey, November 2000. No new data since the Growth Council's previous *Measures of Growth* report.

Percentage of Population over 25 with an Associate's Degree, 1990 and 2000



Data Source: U.S. Decennial Census Supplementary Survey, September 2001.

25. Associate's Degree Attainment

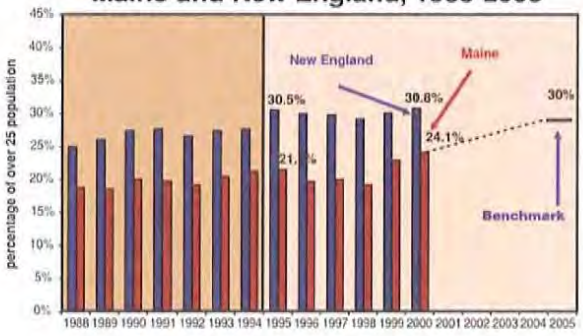
Benchmark: The percentage of Maine people 25 years and older who have attained an associate's degree will improve from 6.9 percent in 1990 to 8.5 percent by 2010.

Decrease in Attainment Reported An estimate provided by the U.S. Census Bureau reported that in 2000, 5.4 percent Maine's population aged 25 and older had attained an associate's degree. This is a decline from 1990, when 6.9 percent of the same population had an Associate's Degree. The Growth Council has issued a Red Flag to this measure to draw attention to its decline.

Tracking attainment levels is an important measure of the education level of Maine's population. In order to compete for skilled work, Maine workers require an educational attainment level beyond high school. The labor market must have a well-trained and educated workforce that is flexible, adaptable, and poised for work in a global economy.

The figures reported for 2000 are preliminary results and will be updated in subsequent reports if required.

Percentage of Population Over 25 with at Least a Bachelor's Degree, Maine and New England, 1988-2000



Data Source: US Census Current Population Survey, November 2000. No new data since the Growth Council's previous *Measures of Growth* report.

26. Bachelor's Degree Attainment

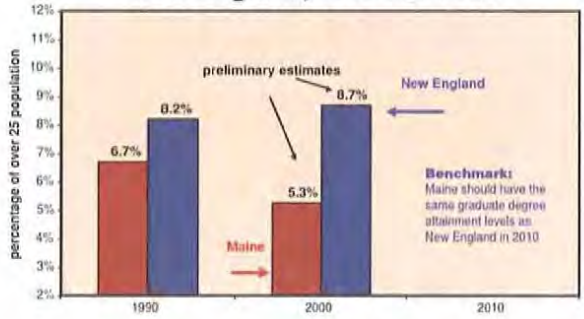
Benchmark: The percentage of Maine people 25 years and older who have attained at least a bachelor's degree will improve from 21.5 percent in 1995 to 30 percent by 2005.

Maine Improves, but is Still Behind New England and the Nation In 2000, 24.1 percent of Maine people over the age of 25 had at least a bachelor's degree, compared with a national rate of 26 percent. For the New England states as a whole, the 2000 rate was 30.8 percent, with Maine's attainment levels below that of all five other New England states.

Because the Growth Council deems this measure critical to Maine's quality of life, it has been given a Red Flag as a means to highlight its importance and the distance Maine has to go to achieve the stated goal. The goal will be difficult to attain given current populations and demographic projections. It will require further investments in education and in the generating employment opportunities that will attract and support highly educated workers.

The 2000 data is provided by the U.S. Census Bureau's March Current Population Survey. The level of confidence reported by the bureau for these figures is 90 percent and the confidence interval for the survey in Maine is +/- 2.3.

Percentage of Population over 25 with a Graduate Degree, Maine and New England, 1990 and 2000



Data Source: U.S. Decennial Census Supplementary Survey, September 2001.

27. Graduate Degree Attainment

Benchmark: The percentage of Maine people 25 years and older who have attained a graduate degree will improve from 6.7 percent in 1990 to equal the New England percentage by 2010.

Maine People Have Fewer Graduate Degrees Than New England An estimate provided by the U.S. Census Bureau reports that in 2000 the percent of Maine's population 25 and older who had attained a graduate's degree was 5.3 percent. In New England, 8.7 percent of people over 25 had attained the same degree and 5.6 percent of the nation had attained a graduate degree in 2000.

Graduate degree attainment is important to many high-tech and professional areas of the economy, and is fundamental to business innovation. While the percent of Maine's population over 25 with a graduate degree increased from the last decennial Census, the increase is very small when considered over a ten year time period. In addition, Maine moved further away from achieving the stated goal of matching the New England attainment levels by 2010. The Growth Council awarded this performance measure a Red Flag this year.

Educational attainment refers to the education level of the current Maine population, as determined by the US Decennial Census. The figures reported for 2000 are preliminary results and will be updated in subsequent reports if necessary.

28. Lifelong Learning

Benchmark: The percentage of Maine people who attended an educational seminar, program, or course in the past year will improve from 54 percent in 1995 to 70 percent by 2005.

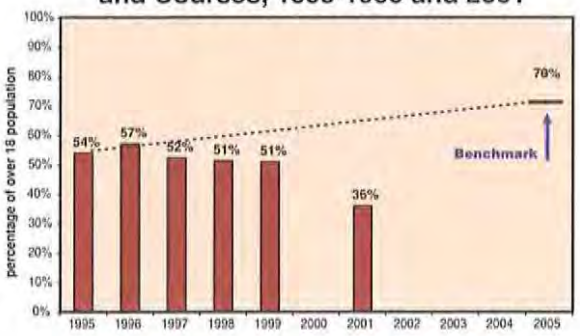
Lifelong Learning Participation Drops Significantly In 2001, just 36 percent of Maine citizens said they participated in some form of educational seminar, program, or course. This is a significant decrease from 1999, when 51 percent of those surveyed reported participation in lifelong learning activities. Because of this and the critical nature of lifelong learning to a high quality of life in Maine, the Growth Council awarded this measures a Red Flag this year.

Lifelong learning and education is a critical component of a high quality of life and growing a healthy economy. The workforce must continue to expand its skills and knowledge in order for Maine businesses to be competitive, and for Maine workers to keep pace with changing situations and job requirements.

Maine citizens were asked: "In the past 12 months, have you personally attended an educational seminar, program, or course?" The data reflect the percentage of those who said "yes." This percentage includes people enrolled in for-credit courses, adult education courses (primarily high school level courses), continuing education courses (primarily post-secondary level), courses through their workplaces, and all other types of educational seminars and programs.

The 2000 data for this indicator was not reported because of a data collection error that year.

Percentage of Citizens Attending Educational Seminars, Programs, and Courses, 1995-1999 and 2001



Data Source: Maine Development Foundation, *Annual Survey of Maine Citizens*, 1995-1999 and 2001.

29. Employer-Sponsored Training

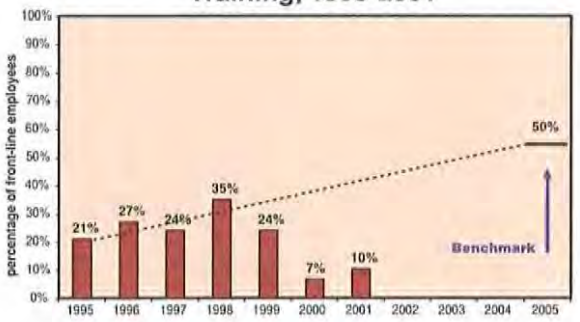
Benchmark: The percentage of front-line Maine employees who attended an educational seminar, program, or course through their place of work, 21 percent in 1995, will improve to 50 percent by 2005.

Participation Still Too Low In 2001, only 10 percent of Maine workers earning less than $35,000 reported that they participated in training that was paid for by their employers, a slightly larger percentage than last year. Despite this small improvement, and because employee training and education is critical to a vibrant and sustainable economy in Maine, the Growth Council has given this indicator a Red Flag again this year.

Maine employers must ensure that their workforce has the skills the business needs to remain competitive in the global market place. A related concern is that training should be provided to front-line workers (roughly defined as those earning less than $35,000 per year), not just managers and other salaried employees.

Maine citizens who reported that they earn $35,000 per year or less were asked, "In the past 12 months have your personally attended and educational seminar, program, or course through your place of work?" The data is based on those who responded "yes."

Percentage of Front-Line Employees Who Attend Employer-Sponsored Training, 1995-2001



Data Source: Maine Development Foundation, *Annual Survey of Maine Citizens*, 1995-2001.

30. Child Well-Being

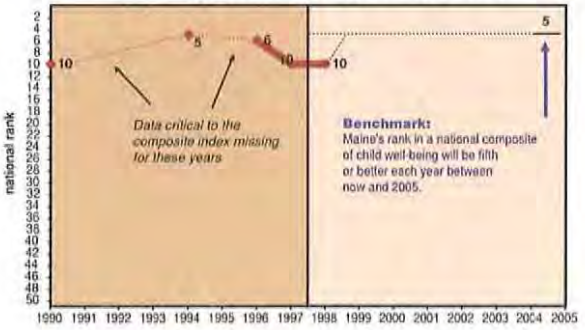
Benchmark: Maine's national rank in a composite on child well-being, 10th in 1998, will be fifth or better each year through 2005.

National Index Reports that Maine Children Are Well In 1998, Maine ranked 10th in the nation in a composite that determines child well-being. In previous years Maine has ranked fifth and sixth in the nation on this measure. In recognition of Maine's consistent ranking as one of the top ten states for healthy children, the Growth Council awarded this performance measure a Gold Star.

The environment a child is raised in plays a large role in determining his or her well-being. Thus, a child's well-being is a fairly good indicator of the vitality and safety of their community. Communities that nurture children generally have strong social networks, low crime, positive role models, and good educational opportunities, all of which are essential ingredients of vital communities. Maine communities made it the 10th best place to raise a child in 1998.

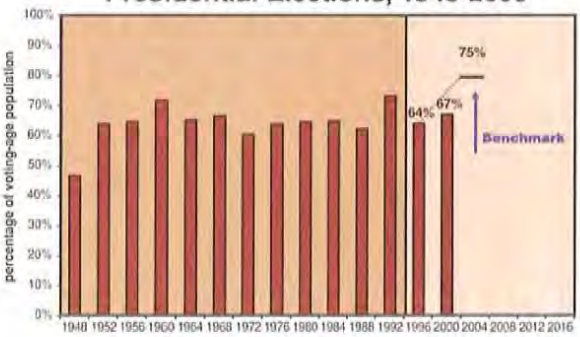
The national composite and ranking is done by the Annie E. Casey Foundation for their annual *National Kid's Count Data Book*, which provides state and national profiles on the well being of children. The composite contains ten discrete measures that are indexed and then scored. Each state's score determines its rank, with 1 being the highest and 51 the lowest. The measures that compose the index are: percentage of low birth-weight babies; infant mortality rate; child death rate; rate of teen deaths by accident; homicide and suicide; teen death rate; percent of teens who are high school drop-outs; percentage of teens not attending school and not working; percentage of children living with parents who do not have full-time, year–round employment; percentage of children in poverty; and percentage of families with children headed by a single parent.

Ranking on National Composite of Child Well-Being, 1990-1998



Data Source: Annie E. Casey Foundation, *National Kids Count Data Book*, 2001.

Voter Turnout in Presidential Elections, 1948-2000



Data Source: Maine Office of the Secretary of State, December 2000. No new data since the Growth Council's last *Measures of Growth* report.

31. Voter Turnout

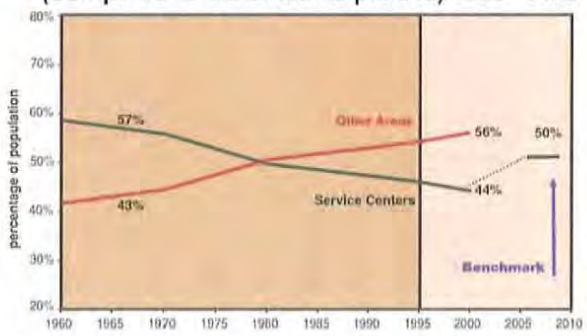
Benchmark: The Maine voter turnout rate in the presidential election will improve from 64 percent in 1996 to 75 percent in 2004.

Maine Rates Consistently High In the 2000 election, an estimated 67 percent of Maine people over the age of 18 voted for the office of President of the United States. Maine's rate was 16 percentage points above the national voter turnout rate of 51 percent. These figures are based upon the percentage of voting age population casting a ballot in the 2000 election.

Voter turnout is a good indicator of participation in democracy and has been very slowly, but steadily rising for the past few decades. Maine has a long legacy of outstanding voter turnout, having led the nation in the 1992 and 1996 presidential elections. The 2000 presidential election found Maine again at the front of the pack, in second place with 67.3 percent, just being edged out of the first place spot by Minnesota with 68.7 percent, according to figures released by the Committee for the Study of the American Electorate.

Maine's high national standing in the 2000 election and continuing increase in percent of population voting has earned this measure a Gold Star this year.

Percentage of Population Living in Service-Center Communities (Compared to Other Municipalities) 1960 - 2000



Data Source: Maine State Planning Office, July 2001.

32. Population of Service Center Communities

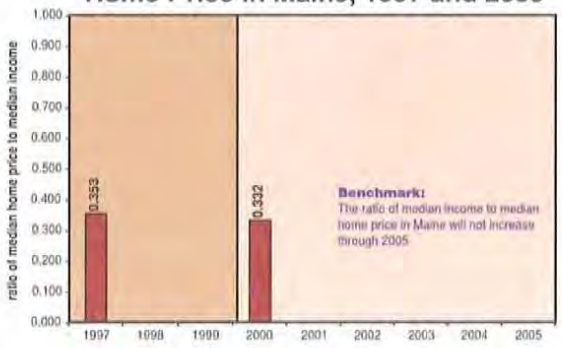
Benchmark: The percentage of Maine people who reside in service center municipalities will improve from 46 percent in 1995 to 50 percent by 2010.

Residential Choices Reflect Increasing Sprawl In 2000, just 44 percent of Maine people lived in service center communities, whereas 40 years ago, about 60 percent lived in these communities. The continuing trend of people moving out of urban centers into the more rural parts of the state increases public costs and impoverishes Maine's central communities. Because this performance measure has shown no improvement for the past few years, the Growth Council has decided to give this measure a Red Flag this year.

Within the boundaries of 69 specifically identified service center municipalities are almost three-quarters of all Maine jobs, services (hospitals, social services, education institutions, cultural activities, and government services), and the state's consumer retail sales. For the most part, these are the places in which Maine people work, shop, and visit for a wide variety of services. To the extent that people live close to or actually within these service centers, economic growth is enhanced because services are delivered more efficiently, people are not traveling as far to work and to shop, and environmental impacts of residential development are lessened in rural areas.

The Maine State Planning Office identified specific service centers according to the following criteria: level of retail sales, jobs to workers ratio, amount of federally assisted housing, and volume of service center jobs. By those measures, the following are Maine's service center municipalities. **Primary Centers:** Auburn, Augusta, Bangor, Bar Harbor, Belfast, Blue Hill, Boothbay Harbor, Brunswick, Calais, Camden, Caribou, Damariscotta, Dover-Foxcroft, Ellsworth, Farmington, Fort Kent, Gardiner, Greenville, Houlton, Lewiston, Lincoln, Machias, Milbridge, Paris, Portland, Presque Isle, Rockland, Skowhegan, Waterville. **Secondary Centers:** Bath, Biddeford, Bingham, Dexter, Falmouth, Jackman, Lubec, Madawaska, Mars Hill, Newport, Norway, Orono, Pittsfield, Rangeley, Sanford, South Portland, Thomaston, Unity, Van Buren, Westbrook, Wiscasset. **Small Centers:** Ashland, Bethel, Brewer, Bridgton, Bucksport, Eastport, Freeport, Guilford, Hallowell, Island Falls, Kennebunk, Kingfield, Kittery, Millinocket, Milo, Princeton, Rumford, Saco, Winthrop.

Ratio of Median Income to Median Home Price in Maine, 1997 and 2000



Data Source: Maine State Housing Authority, 1997 and 2000 data only. Median Income data provided by Claritas and median home price provided by Statewide Multiple Listing Service.

33. Affordable Housing

Benchmark: The ratio of median home price to median household income in Maine, 3.01 in 2000, will decrease through 2005.

Home Prices in Maine Increasing Relative to Income From 1997 to 2000, the only years for which data are available for this measure, Maine experienced a 6.0 percent increase in the ratio of the median household home price to median household income. The ratio increased from 2.83 in 1997 to 3.01 in 2000, reflecting an increase in housing rates relative to income. This means that, on average, a median-priced home in Maine is three times the median annual household income in the state.

This is a rough measure of the affordability of homes in Maine. The larger the number, the less affordable the homes are. Because this measure addresses housing affordability for the entire state of Maine, it masks the fact that the most acute affordable housing problems are in Maine's urban areas.

Another way to express the change in housing affordability is the hourly wage a household would need to make all year in order to afford a home. For example, in 2000 the average Maine household would have had to make $17.75 an hour to afford a median priced home. In Portland a household would need to make $23.24 an hour in 2000 to afford a home in that area, an increase from 1997 when Portland residents would have needed to earn $19.40 an hour.

Access to affordable housing is a pressing problem for many Maine communities. In many places, people are unable to live and work in the same community because of a lack of affordable housing. Increased housing costs are forcing people either to commute long distances or to pay too much of their income for housing.

The ratio provides a rough estimate of the affordability of housing in Maine and does not take calculate the total cost of purchasing a home in those areas, such as taxes, interest and insurance rates, down payment, and length of mortgage.

34. Arts and Cultural Expenditures

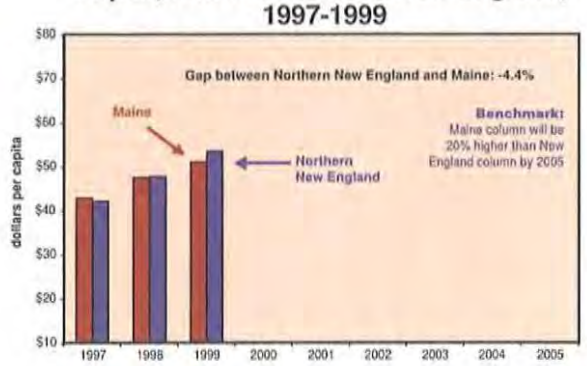
Benchmark: Maine arts and cultural expenditures per capita will improve relative to Northern New England expenditures per capita from 1.7 percent more in 1997 to 20 percent more by 2005.

Maine is Spending Less per Person than Northern New England on Arts and Culture In 1999, Maine arts and culture organizations (performing arts organizations, museums, historical societies, festivals, and others) spent more than $64 million, or $51.10 per resident. Across Northern New England (Maine, New Hampshire and Vermont), similar organizations spent $53.48 per resident. This represents 4.4 percent more being spent per capita in Northern New England than in Maine.

Per capita expenditures by arts and culture organizations is a general indicator of all arts and cultural activity and is comparable across jurisdictions. Beyond its direct economic contribution through spending and wages, arts and cultural activity is important to a high quality of life and a vibrant and sustainable economy because it influences business location decisions, attracts tourists, and generally improves community vitality.

The data reflect the spending of nonprofit organizations with annual gross receipts over $25,000 who are required to file Form 990 with the Internal Revenue Service.

Arts & Cultural Expenditures per Capita, Maine & Northern New England, 1997-1999



Data Source: Urban Institute, National Center for Charitable Statistics, based on data from the Internal Revenue Service. October 2001

35. Charitable Giving

Benchmark: The average charitable contribution per Maine income tax return, $574 in 1999, will increase each year through 2005.

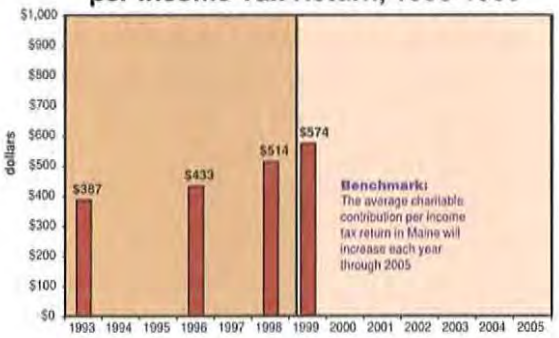
Consistent Increase in Charitable Contributions Reported In 1999, the average charitable contribution per income tax return was $574, an increase of 10 percent from 1998 when Maine people gave an average of $514 per return. Over that same time period inflation increased 9 percent.

Charitable giving is important to community vitality and a high quality of life in Maine because it is an indicator of civic engagement and a key source of financial support for many nonprofit organizations that provide important services within their community and the entire state and indicates disposable income.

The average charitable contribution per income tax return is based on the total amount of charitable deductions itemized in a state divided by the total number of filers. Because only 30 percent of people in the U.S. itemize deductions, average contributions per return is, at best, an estimate of giving in a state because it does account for those who do not itemize.

When comparing charitable contributions on itemized tax returns against adjusted gross income, we learn that Maine people have consistently given about 1.5 percent of their income to charity as reported on income tax returns.

Average Charitable Contribution per Income Tax Return, 1993-1999



Data Source: National Center for Charitable Statistics, based on data from the Statistics of Income Bulletin, Internal Revenue Service, 1996-1999.

36. Citizen Participation in Community Activities

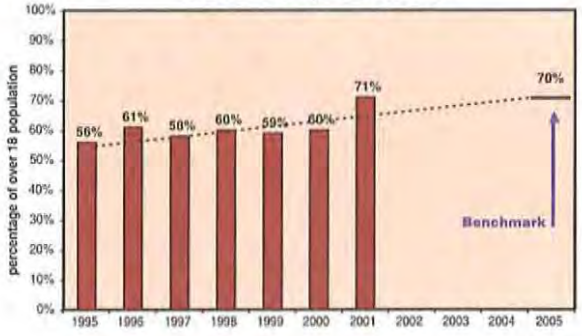
Benchmark: The percentage of Maine people who devoted time outside regular family and work activities to community organizations in the past year will improve from 56 percent in 1995 to 70 percent by 2005.

Benchmark Achieved: Almost Three Quarters of Citizens Involved With Community Organizations In 2001, 71 percent of Maine citizens devoted time outside of regular family and work activities to community organizations. Because this measure achieved the benchmark that was set in 1995, the Growth Council has awarded it a Gold Star.

Citizens were asked if, in the previous 12 months, they had devoted time out of their regular family and work schedule to: helping out in the public schools with academic or other related school activities (39 percent said yes); community organizations which help young people such as Little League, Big Brothers and Sisters and Scouting (39 percent said yes); organizations which assist the needy or under-privileged (27 percent said yes); organizations which assist the elderly, homebound, and people in poor health such as Meals on Wheels and home health/hospital volunteers (22 percent said yes); and/or activities sponsored by an environmental organization (12.3 percent said yes). The graph reflects the percentage of people each year who reported devoting time to at least one of these types of organizations or activities.

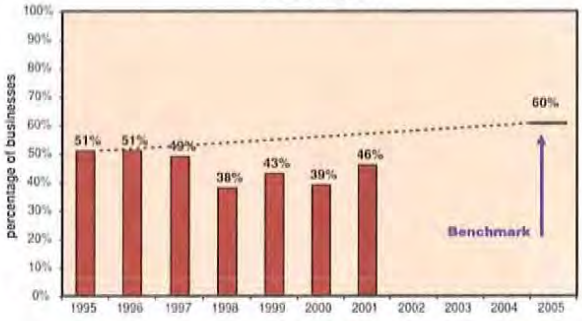
The Growth Council hopes that this positive trend continues in the future, as it is a fundamental indicator of community vitality and bodes well for supporting a sustainable and vibrant economy. The benchmark will be reset next year.

Citizen Participation in Community Activities, 1995-2001



Data Source: Maine Development Foundation, *Annual Survey of Maine Citizens*, 1995-2001.

Business Interest and Involvement in Schools & Civic Events 1995-2001



Data Source: Maine Development Foundation, Annual Survey of Maine Businesses, 1995-2001.

37. Business Involvement in Communities and Schools

Benchmark: The percentage of Maine for-profit businesses that are involved in school and civic events in the past year will improve from 51 percent in 1995 to 60 percent by 2005.

Almost Half of Maine Business Report Civic Involvement In 2001, 46 percent of Maine businesses reportedly were involved in local school and civic events. This is a statistically significant increase from the 39 percent of businesses that reported civic involvement in 2000.

Partnerships between businesses and schools or other community groups often result in benefits for the community and the business. It is a sound avenue towards sustainable economic growth and is an important component of a high quality of life for Maine. Businesses that are engaged in local schools and civic events are members of the community rather than simply employers. Their involvement serves to strengthen business commitment to their community and employee commitment to that business.

Maine for-profit businesses were asked the extent to which they do well at "taking an interest and getting involved in local school and civic events." The data for this performance measure represents those businesses that responded "very well" or "well".

Percentage of People Living in Poverty, Maine and United States, 1985-2000

Data Source: US Census Bureau, Current Population Survey, March Supplement, December 2001.

38. Poverty

Benchmark: The percentage of Maine people living in poverty, 8.3 percent in 2000, will continually decline and remain below the U.S. rate through 2005.

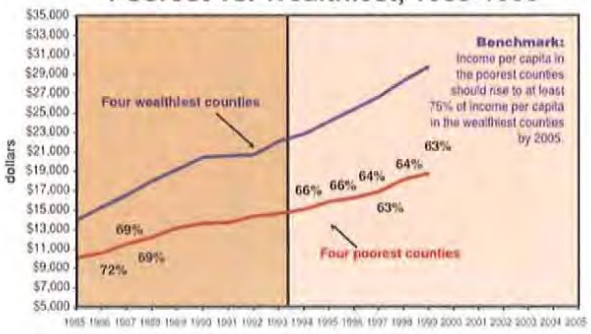
Fewer Maine People Living in Poverty Than in Nation In 2000, only 8.3 percent of Maine people were living in poverty, as defined by the federal government, as compared to 11.3 percent of people in the United States. A total of 1,165 people in Maine had incomes that fell below the established poverty threshold in 2000. The percent of Maine's population living in poverty has generally been lower than the United States and continues to decline. For continued improvement in the state and relative to the United States, the Growth Council has awarded this measure a Gold Star.

The costs of poverty to Maine's quality of life, its people, their communities and the economy are large. Children growing up in poverty are more likely to experience lags in physical and mental development. The long-term costs to society include lifetimes of ill health, reduced work performance, increased financial dependency on the public, and costly antisocial behavior.

The Census Bureau uses a set of money income thresholds that vary by family size and composition to determine poverty thresholds, as well as who is poor. If a family's income is less than the threshold, then that family, and every individual in it, is considered to live in poverty. Poverty thresholds do not vary geographically, but are updated for inflation. The official poverty definition counts money before taxes and does not include capital gains and non-cash benefits.

The income threshold that the Census Bureau uses to define poverty is actually lower than what is considered a livable income. The Growth Council's indicator of *Jobs that Pay a Livable Wage* defines that wage as 185 percent above the poverty threshold, which was $ 8,794 per person and $11,239 for a family of two in 2000.

Income Per Capita of Maine Counties, Poorest vs. Wealthiest, 1985-1999



Data Source: US Bureau of Economic Analysis and the Maine Department of Labor, Division of Labor Market Information, November, 2001.

39. County Income Disparity

Benchmark: Per-capita income in Maine's poorest counties will improve from 66 percent in 1994 to 75 percent of per-capita income of the wealthiest counties by 2005.

Gap Remains Large Between Wealthy and Poor Counties The income gap between Maine's wealthiest and poorest counties remains wide again this year, with no real improvement over the past few years. Geographic disparities in the wealth of Maine people are detrimental to the quality of life in those counties and the economy of the state as a whole. To minimize the disparity, per-capita income in the poorest counties should be raised.

In 1999, the per-capita income in Maine's four poorest counties (Piscataquis, Somerset, Washington, and Aroostook) was $18,725, about 63 percent of what it was in the four wealthiest counties (Cumberland, Lincoln, Knox, and Hancock) where income per-capita was $29,716. Statewide per-capita income was $28,542 in 1999.

That there is regional disparity in income per-capita does not imply that Maine people receive different pay for the same type of job depending on which county they live in. Recognizing that there is also disparity among counties with regard to cost of living, the benchmark has been established at 75 percent rather than 100 percent. Income per-capita is calculated by adding up all income earned in a given year by a group of people (in this case all those residing in the four wealthiest and four poorest counties) and then dividing that number by the number of people in the group. Income disparity is related to quality jobs (*see Jobs that Pay a Livable Wage*).

40. Gender Income Disparity

Benchmark: The median annual income of full-time, full-year working women will improve from 66.9 percent of the median annual income of full-time, full-year working men in 1990 to 75 percent by 2000, and eventually to 100 percent.

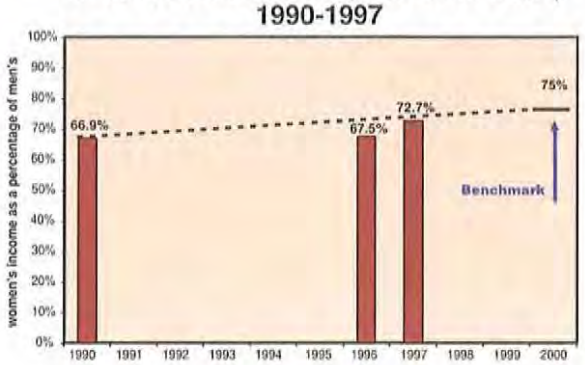
Women's Income Improved Relative to Men's In 1997, the median annual income of all women in Maine who worked full-time for the entire year was estimated to be $22,177, compared to a median income of $30,505 earned by men who worked full-time, full-year. This translates to an earnings ratio of 72.7 percent, placing Maine 21st among all states, a significant improvement from 1996 data when Maine ranked 41st. Nationally, the earnings ratio was 73.5 percent in 1997.

This is not a job-for-job comparison but does compare wages earned based on equal time worked. On average, women work fewer hours per week and fewer weeks per year resulting in an even greater disparity in the total amount of annual income earned by men and women.

Disparities in the amount of money that women make compared to men provide disincentives for women to contribute to the labor force, and impair economic growth by not fully realizing the benefit of having productive, economic contributions from all people.

The prosperity of women affects Maine's communities broadly and there are significant economic costs for the wage disparity. Since many more women constitute single heads of households, increasing women's wages to a level more in line with male earning can decrease poverty. And, higher earnings among younger women, who are saving for retirement and contributing to social security, can provide greater economic security for those women later in life and decrease the dependency of Maine's elderly population.

Women's Income as a Percentage of Men's for Full-Time, Full-Year Work, 1990-1997



Data Source: US Census, 1990. 1996 figures are estimates from the Institute for Women's Policy Research (IWPR). 1997 data are from IWPR's *Status of Women in the States* report, November 2000. No new data available since the Growth Council's previous *Measures of Growth* report.

41. Employment of the Disabled

Benchmark: The percentage of Maine disabled people who are workforce-age and not institutionalized that are employed, 39.3 percent in 1998, will increase and continually be better than the U.S. rate until 2005.

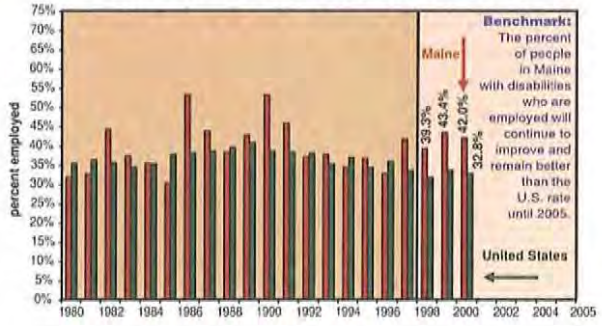
Higher Percentage of Disabled People in Maine Employed than in the Nation In 2000, among non-institutionalized people with disabilities in Maine, 42 percent were employed, whereas in the United States, only 32.8 percent were employed. This year, for Maine's sustained high achievement relative to the United States, the Growth Council has awarded this performance measure a Gold Star.

A strong economy requires the contributions of all citizens. If a class of people is under-represented in the labor force, the economy is lacking valuable skills, abilities, and assets of some of our people.

This performance measure utilizes data collected by the U.S. Census Bureau's Current Population Survey. The data represent the percentage of disabled people in Maine who are part of the workforce. The workforce is defined as those people who are employed or actively looking for work in the last four weeks.

Many capable, disabled people have dropped out of the workforce because of the difficulties they face in gaining meaningful and rewarding employment. If given reasonable accommodations and/or services, those people would be more likely to reengage themselves in the workforce.

Employment Rate of Non-Institutionalized, Working Age People with Disabilities, Maine and the United States 1980-2000



Data Source: US Census Bureau's March Current Population Survey, 1981-2000. Data Analysis provided by the Maine Development Foundation, based on a report by Cornell University's Rehabilitation Research and Training Center for Economic Research on Employment Policy for People with Disabilities, 2001.

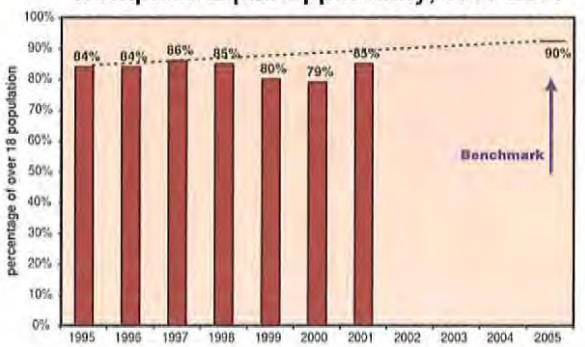
42. Discrimination in the Workplace

Benchmark: The percentage of Maine people who believe that their employers maintain an equal opportunity environment where traits such as gender, race, or ethnicity do not impact their ability to grow and succeed, will improve from 84 percent in 1995 to 90 percent by 2005, and eventually to 100 percent.

Citizens Perceiving Discrimination Decreasing In 2001, 85 percent of Maine citizens "agreed" or "strongly agreed" that: "traits such as a person's gender, race, and ethnicity have no impact on a person's ability to grow and succeed." This is a significant increase from the percent of people who agreed with the statement in 2000, when only 79 percent of Maine people responded to this question affirmatively.

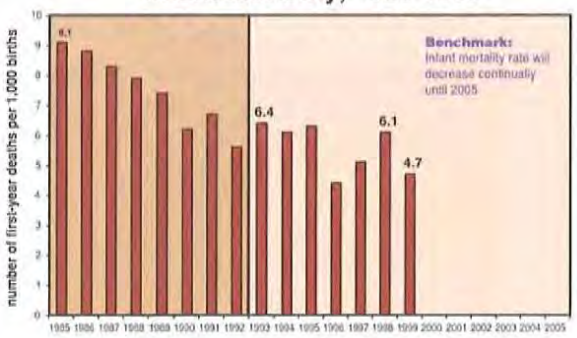
Fundamental to vital communities, a vibrant economy and overall high quality of life in Maine are work environments that afford equal opportunity for employment and advancement. A workforce that respects diversity bodes well for Maine's participation in the global economy.

Percentage of Citizens who Perceive Workplace Equal Opportunity, 1995-2001



Data Source: Maine Development Foundation, *Annual Survey of Maine Citizens*, 1995-2001.

Infant Mortality, 1985-1999



Data Source: Maine Department of Human Services, Bureau of Health, Office of Data, Research and Vital Statistics, *Maine Vital Statistic Files, 1980-1999*. 1999 data are preliminary.

43. Infant Mortality

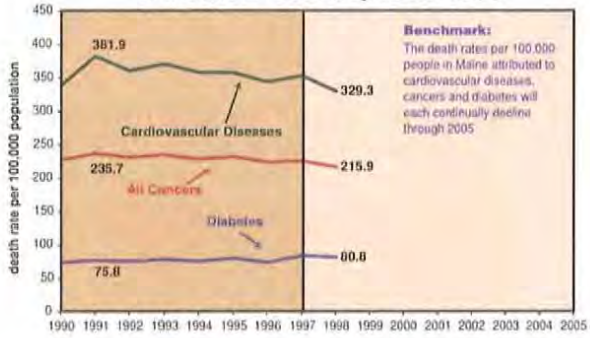
Benchmark: Maine's infant mortality rate, 6.4 per 1,000 births in 1993, will decrease each year through 2005.

Maine Infant Mortality Rate Remains Very Low In 1999, Maine's infant mortality rate was 4.7, meaning that 4.7 out of every 1,000 infants died before their first birthday for various reasons. This is an improvement over 1998, when 6.1 out of every 1,000 infants died in Maine. Maine has consistently registered low infant mortality rates, and has been in the top ten states with the lowest infant mortality rate since 1985.

A high quality of life depends on many factors, including an environment that nurtures pregnant women and their unborn children. Infant mortality indicates adverse social conditions such as poverty and an unhealthy environment. The rate taken for the state as a whole is a reflection of the extent to which pregnant women and babies under a year old are subjected to negative conditions. The social conditions affecting a human at this early stage of life are a good indicator of expected social conditions throughout the individual's life.

Infant mortality is most meaningful when looked at over the decades. Over time it is a good but rough measure of a state's or nation's health but experts caution against drawing conclusions from year-to-year fluctuations.

Death Rates from Select Chronic Diseases, 1990-1998



Data Source: Maine Department of Human Services, Bureau of Health, Offices of Health Data and Program Management, Behavior Risk Factor Surveillance System, 1987-1999.

44. Chronic Disease

Benchmark: The death rates per 100,000 people in Maine attributed to cardiovascular diseases, cancers and diabetes will each continually decline through 2005.

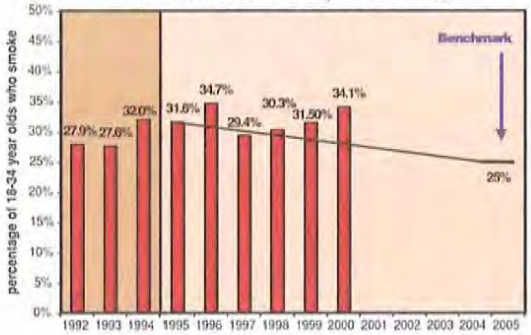
Death Rates from Chronic Disease Monitored The term "chronic disease" refers to a wide variety of health conditions that are not contagious and that can rarely be completely cured. Death rates in Maine attributed to any of three major chronic diseases – cardiovascular diseases, cancers and diabetes- are largely attributed to lifestyle choices such as smoking, diet and exercise.

Chronic diseases have a negative impact on the quality of individual lives and on their larger community. Costs associated with lost work time, hospitalization and treatment of these often-fatal diseases also affects our economy. Death rates serve as a proxy for the incidence of chronic disease in Maine, but does not accurately measure the number of people living with these chronic diseases. Caring for people living with chronic diseases comprises a large part of Maine's health care costs.

According to 1997 data from the Centers of Disease Control and Prevention, Maine has the 4th highest percentage of people in the nation who die from the four major chronic diseases: cardiovascular disease, cancer, chronic lung disease and diabetes. Cardiovascular disease was the primary cause of hospitalization in 1998 and was estimated to cost the state more than $700 million that year. Cancers kill the highest proportion of Maine residents under 75.

Data on chronic diseases were age adjusted to the year 2000 standard population. Age-adjusted rates are useful for comparison purposes only, not to measure absolute magnitude. 1998 figures are preliminary estimates and subject to review.

Cigarette Smoking Among 18-34 Year Olds, 1992-2000



Data Source: Maine Department of Human Services, Bureau of Health, based on behavioral risk surveys, November 2001.

45. Cigarette Smoking

Benchmark: The percentage of Maine people aged 18-34 who smoke cigarettes will decline from 31.6 percent in 1995 to less than 25 percent by 2005.

Increase in Adult Smoking Continues In 2000, an estimated 34.1 percent of Maine people aged 18-34 smoked cigarettes, the fourth year in a row that this measure has not improved.

In the past two years, there has been a significant decrease in the number of Maine high school students who smoke, a positive sign for the health of Maine's youth. The increase in the percentage of smokers in the 18-34 age group illustrates that Maine still has work to do in reducing the number of smokers in the state. For this reason, and because Maine has not made progress on this measure for the past four years, the Growth Council has given this performance measure a Red Flag.

Cigarette smoking is the leading cause of preventable death in Maine. Smoking among 18-34 year-olds is particularly relevant, as they are most likely to be passing the detrimental effects of smoking onto children. This age group will also be part of the labor force for years to come, and it has been shown that workers who smoke are more costly to employers than non-smoking employees.

46. Health Insurance Coverage

Benchmark: The percentage of Maine's population without health insurance coverage, 11.8 percent in 2000, will continually decline and remain below the U.S. rate through 2005.

Percentage of Maine People Consistently Lower Than National Percentage In 2000, 11.8 percent of people in Maine were not covered by health insurance, whereas 14 percent of the U.S. population did not have coverage. Despite fluctuations, Maine has consistently had a lower percentage of people without health insurance coverage than the nation.

Health insurance coverage is a key determinant in helping people access appropriate health care services. This is important to community vitality because healthy people are more engaged in their communities and access to health care is an important part of maintaining healthy citizens. A healthy workforce is a critical component of a vibrant and sustainable economy. The economic impact of the uninsured is felt through cost shifting onto private payers for uncompensated care and lost productivity in the workforce.

Many Maine citizens have some of their personal health expenditures covered under an employer-based health insurance program. This coverage is jeopardized by increased insurance costs that make it increasingly difficult for small and large employers to offer affordable health insurance benefits to employees.

Percentage of Population without Health Insurance Coverage, Maine and the United States, 1987-2000

Data Source: U.S. Census Bureau, Housing and Household Economic Statistics Division, Table HI-4. Health Insurance Coverage Status and Type of Coverage by State, November 2001.

47. Crime

Benchmark: Maine's crime rate, 32.7 incidents per 1000 people in 1994, will improve each year and continue to be better than the U.S. rate through 2005.

Crime Rate Continues Downward In 2000, there were 26.2 incidents of crime in Maine per 1,000 people, a 9.7 percent improvement over the 1999 rate. The national rate in 2000 was 41.2 incidents per 1,000 people, a 3.3 percent decrease in the number of incidents reported in 1999.

Maine's crime rate has been declining for the past decade, a good sign for overall quality of life in the state and community vitality generally. Crime disrupts communities and families and costs taxpayers thousands of dollars each year to incarcerate and manage criminals. The Growth Council is recognizing the value of continual improvement to the state's quality of life in this performance measure by awarding it a Gold Star once again this year.

The decline is due in part to demographics. Experts point out that young males are declining as a percent of our overall population nationally, and that changing demographic contributes to the lowering of the crime rate. In Maine, an aging population also contributes to the state's declining crime rate.

Crime is directly effects the vitality of Maine's economy because it adds to the cost of conducting business and to the tax burden for prosecution and incarceration of criminals. In addition, lower crime rates mean Maine offers individuals and businesses a safe environment in which to live, rear children, and do business.

Crime Rate, Maine and the United States, 1984-2000

Data Source: Federal Bureau of Investigation, *Crime in the United States*, 2001.

48. Domestic Assaults

Benchmark: The number of domestic assaults reported in Maine, 310 per 100,000 population in 1998, will continually decrease until 2005.

Domestic Assaults a Serious Problem for Maine In 2000, there were reportedly 352 cases of domestic assaults per 100,000 people in Maine, an increase of over 20 percent from 1999 when 292 cases were reported per 100,000 people. Domestic abuse, whether perpetrated against women, children or men, cripples families and overall community vitality. For this reason, the Growth Council has given this performance measure a Red Flag this year.

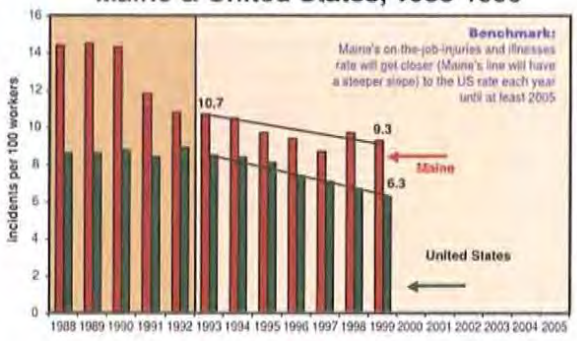
"Reported domestic assault" is defined by assaults reported to the police that were perpetrated by family or household members who are, or were, married or living together in a romantic relationship, natural parents of the same child or other adult family members related by blood or marriage. These are not unduplicated accounts, as they may include numerous assaults affecting the same individuals. While domestic assault is sometimes perpetrated against men, women are by far the primary targets. It is important to note that the performance measure tracks *reported* domestic assaults, not the number of actual domestic assaults or convicted domestic abusers. Decreases and increases in reported domestic assault in Maine could be the result of either, or both, of two factors: more people calling due to greater awareness or ability; or, more assault is actually occurring and being reported.

Another startling trend has been a rise in the reported cases of child abuse and neglect over the past few years. In 2000 there were 24.2 such substantiated cases per 1,000 children in Maine. In 1995, there were 15.2 cases per 1,000 children. "Substantiated" abuse or neglect cases are those cases that were reported and deemed critical enough to be reviewed by the Department of Human Services. As is the case with domestic assault, the actual number of children being abused or neglected may be higher than represented in these figures, due to a reluctance to report the incident, or the inability of a child to find help.

Reported Domestic Assaults per 100,000 population, 1986-2000

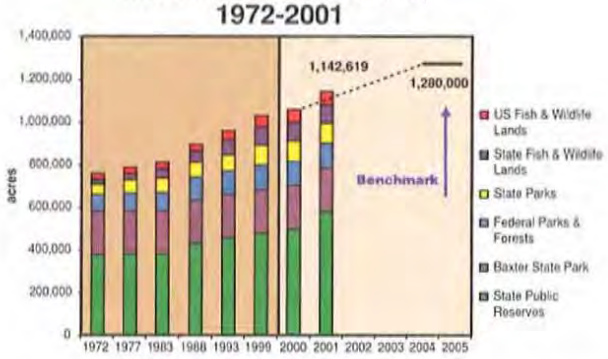
Data Source: Maine Department of Public Safety, *Uniform Crime Reports*, 1986-2000. Child Protective Services, Department of Human Service, November 2001.

On-the-Job Injuries and Illnesses, Maine & United States, 1988-1999



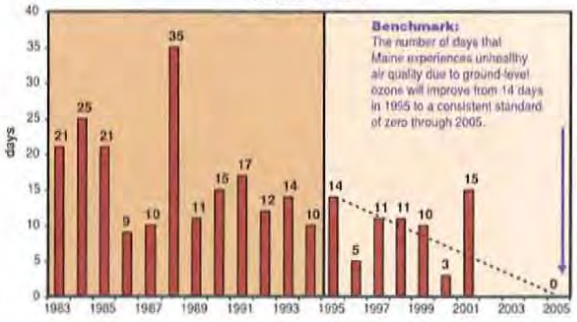
Data Source: Maine Department of Labor, Bureau of Labor Standards, *Occupational Injuries & Illnesses in Maine*, 1999.

Land in Conservation Intended for Public Use, 1972-2001



Data Sources: Maine Department of Conservation, Bureau of Parks and Lands; Maine Department of Inland Fisheries and Wildlife; Baxter State Park Authority; Acadia National Park; White Mountain National Forest; Appalachian Trail Commission; US Fish and Wildlife Service; all 2001 data.

Annual Number of Days with Unhealthy Air Quality, U.S. EPA 8-hour Average Ground-Level Ozone Standard, 1983-2001



Data Source: U.S. Environmental Protection Agency, Air Quality Division, November 2001.

49. On-the-Job Injuries

Benchmark: Maine's rate of on-the-job injuries per 100 full-time workers, 10.7 in 1993, will get closer to the US rate each year from now until 2005.

Maine Rate Improves Slightly In 1999, there were 9.3 injuries and illnesses for every 100 full-time Maine workers, a 6.4 percent decrease in the amount of incidents from 1998. The number of incidents in the nation also dropped, decreasing by 4.3 percent from 6.7 incidents in 1998 to 6.3 in 1999.

The vitality of the workplace community and larger community is negatively affected by injuries that occur on the job. Workplace safety is also an important component of long-term economic growth because injuries translate directly into increased costs.

The data upon which this measure is based includes all types of work-related injuries and illnesses required to be recorded by the Occupational Safety and Health Administration (OSHA).

50. Conservation Lands

Benchmark: The amount of Maine conservation land intended for public use will increase from 1,058,465 acres in 2000 to 1,280,000 acres by 2005.

Land in Conservation Continues to Increase In 2001, Maine had 1,142,619 acres of publicly owned conservation land where public use is encouraged. This is a 7.4 percent increase from 2000 when 1,058,465 acres had been conserved and designated for public use in Maine.

Given the small percentage of land in Maine that is in public ownership compared to other states, vast areas of land conservation have always been a challenge. Maine's high quality of life is connected to the existence of public lands, which support diverse plant and wildlife species, are the location or recreational activities, and generally are important to the natural beauty of the state. Land in conservation where public use is encouraged is also important to a vibrant and sustainable economy because many people visit Maine and live in the state because of these lands

The amount of conservation land reflected in the graph is an indicator of land conservation trends but does not accurately reflect the magnitude of all lands in the state which are actually in conservation. For instance, these data exclude all land in conservation easements held in private trust, as well as municipal parks. Federal parks and forests include Acadia National Park, the White Mountain National Forest, and the Appalachian Trail Corridor.

In 2000, several agencies reviewed their databases and revised the amount of acreage reported to be in conservation. These changes are reflected in the graph. The scale of the x-axis has been adjusted to allow for ease of historical comparison.

51. Air Quality

Benchmark: The number of days that Maine experiences unhealthy air quality due to ground-level ozone will improve from 14 days in 1995 to a consistent standard of zero through 2005.

Poor Air Quality Reported In 2001 there were fifteen days that Maine's ground-level ozone was high enough to be deemed unhealthy. This is a significant increase over the summer of 2000 that registered three such days.

Air quality is important to long-term economic growth for three reasons. First, high levels of ground-level ozone are unhealthy for Maine people, causing lost work days and other costs associated with ill health. Second, clean air is more valuable than dirty air because the dirtier the air is, the more we must reduce allowable additional pollution, and pollution reduction is costly. Third, Maine benefits economically from its reputation for being pristine. Gaining a reputation for poor air quality, whatever the cause, would work against economic growth.

The report uses the EPA standard of air quality exceedances in which days that have .08 parts per million of ground level ozone, averaged over an 8-hour period, are reported as poor air quality days. The number of days that are reported as exceeding these levels is a product of poor air quality and the air temperature. Because ground level ozone forms when ozone gas interacts with sunlight and high temperatures, a hot, sunny summer is more likely to produce more ozone days than a cooler year.

Strong scientific evidence indicates that the majority of Maine's ozone (and other) pollution comes from other, upwind states as well as some being generated here in Maine.

52. Water Quality of Lakes

Benchmark: The percentage area of significant Maine lakes that are fully suitable for swimming will be at least 94.6 percent from 1994 through 2004.

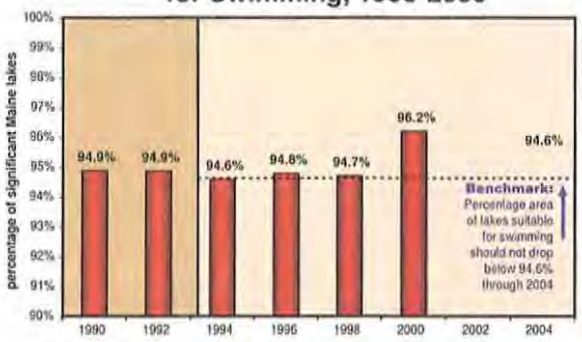
Quality of Lakes Improving Of Maine's 5788 lakes, 2,314 are deemed significant. These lakes make up 97 percent of the state's total lake area and amount to 959,193 acres. Approximately one-third of the lakes are monitored by the Maine Department of Environmental Protection and the Maine Volunteer Lakes Monitoring Program in any 5-year span.

Of the significant lakes, 38 were considered not fully suitable for swimming in 2000 (36,864 acres), a decrease of 15 lakes since 1998. Examination of data collected on those lakes during the 1990's indicates that they no longer support regular algal blooms. Thus, the percentage of significant lake acres that fully support swimming has increased slightly to 96.2 percent since the 1998 evaluation.

The primary determinant of a lake's suitability for swimming is the extent to which it has algal blooms. When a lake experiences a "bloom," it appears green and is quite unattractive and unsuitable for swimming. The most common cause of algal blooms is storm water run-off entering a lake directly, carrying nonpoint source pollution, particularly the nutrient phosphorus. Lake-water quality is affected by land use development decisions, as well.

Clean lakes provide recreational opportunities such as swimming, boating and fishing and are directly linked to Maine's tourism industry. It is estimated that economic activity related to lakes leads to over $1.2 billion in annual income for Maine residents and supports 50,000 jobs. Near-shore property values and many small businesses are often dependent on the water quality of local lakes. Lakes also provide drinking water and habitat for diverse assemblages of plant and animal communities.

Percentage of Lakes Suitable for Swimming, 1990-2000



Data Source: Maine Department of Environmental Protection, State of Maine Water Quality Assessment, 2000. No new data available since the Growth Council's previous *Measures of Growth* report.

53. Water Quality of Marine Areas

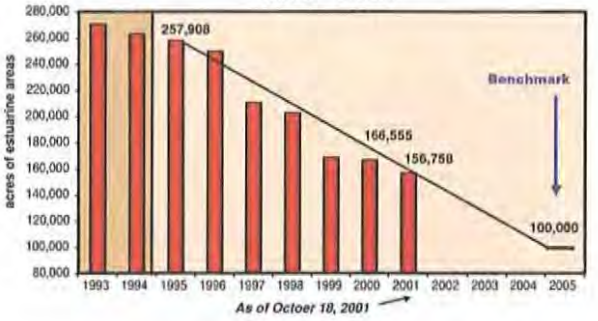
Benchmark: The number of acres of estuarine areas not suitable for shellfish harvesting, 257,908 acres in 1995, will decrease to 100,000 by 2005.

Continued Improvement Earns Gold Star As of October 2001, the amount of area closed to shellfish harvesting along the Maine coast was 156,758 acres. That is a 6.3 percent improvement from October 1999, when 166,555 acres were closed to harvesting. Because the acres of flats closed due to contamination has been declining for the past seven years, the Growth Council has awarded this performance measure a Gold Star this year.

Keeping shellfish beds open to harvesting is important not only because it has a direct effect on the shellfishing industry, but also because it is an indicator of overall marine and estuarine water quality which is vital to commercial fishing activity and the ecological integrity of the marine environment. Shellfish beds are typically closed to harvesting due to sewage discharge, nonpoint source pollution, and marine biotoxin.

Another major factor affecting Maine's shellfish beds is unplanned development and sprawl. The increased load of pollutants from nonpoint sources that accompanies development threatens many ecological zones, including marine areas.

Acres of Flats and Waters Closed to Shellfish Harvesting, 1993 - 2001



Data Source: Maine Department of Marine Resources, October 2001.

54. Mercury Contamination

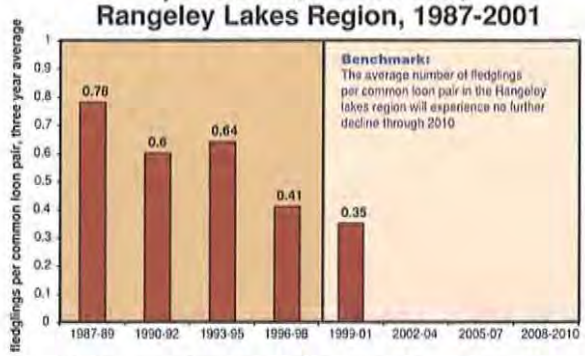
Benchmark: The number of fledglings per pair of common loon pairs in the Rangeley lakes region, an average of .35 fledglings for the years 1999-2001, will not decline further through 2010.

Mercury Contamination Compromises Quality of Life Between 1999 and 2001, the average number of fledglings per common Maine loon pair was .35, a decrease from the previous three-year average, when there were .41 fledglings per loon pair. A fledgling is a loon chick that reaches six weeks of age or more. After six weeks the mortality rate of loons is very low, making the first few weeks of life critical to survival of the loon population. Mercury has been shown to impact the number of loon chicks that survive to become fledglings.

This measures serves as a proxy for the general damage caused to Maine's environment by mercury pollution, which impacts Maine's communities and economy as well as overall natural resource health. Mercury damages health at very low levels, making it one of the most hazardous chemicals commonly found in the environment. Contamination by mercury affects species at all levels of the food chain, eventually causing harm to people eating contaminated fish or fowl. Exposure to mercury hurts the ability of children to learn, remember and pay attention. Mercury also threatens the health of wildlife, especially loons, bald eagles and other fish-eating birds and mammals. The cost of cleaning up mercury contamination also has a direct effect on Maine's economy. Because of these reasons, the Growth Council gave this measure a Red Flag.

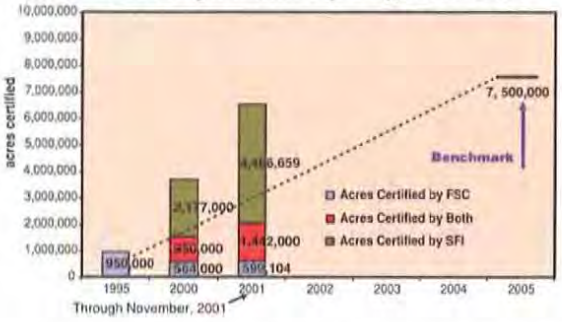
The graph illustrates the average number of chicks that loon pairs fledged in the Rangeley Lakes region, one of Maine's highest risk areas for mercury contamination. These lakes are located on Maine's western border and, as is the case with most pollution, their level of mercury contamination is influenced by Maine sources as well as pollution from outside of Maine's physical boundaries.

Average Number of Fledglings per Common Loon Pair, Rangeley Lakes Region, 1987-2001



Data Source: BioDiversity Research Institute, November 2001.

Acres of Working Forest Certified as Well-Managed by the Forest Stewardship Council (SFI) and/or the Sustainable Forestry Initiative (FSC), 1995-2001



Data Source: Data from the Maine Forest Service and the Sustainable Forestry Initiative, as of November 2001.

55. Sustainable Forest Lands

Benchmark: The number of acres of Maine's working forest that are certified as well managed will increase to at least 7.5 million acres by 2005.

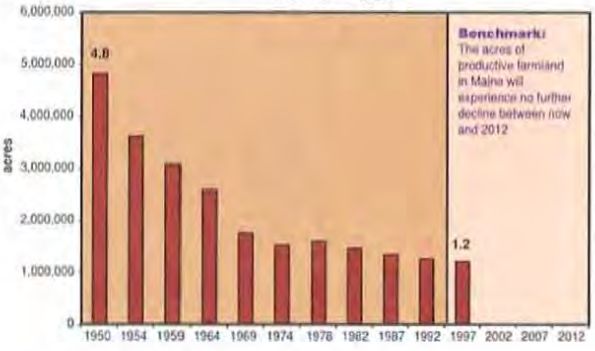
Acreage of Forest Land Certified as Well Managed Increasing As of November 2001, a total of 5,085,763 acres of Maine forest has been certified as well managed by one or both of two primary certification programs operating in Maine. This is an increase from 2000, when 2,741,000 acres had been certified as well managed. In 2001, 1,442,000 acres had been certified through both programs. Because of the dramatic increase in acres certified and the importance of certification to the sustainability of Maine's forestry industry, the Growth Council awarded this performance measure a Gold Star this year.

Forest certification requires successful passage of an audit conducted by or through specific certification programs designed to assess the quality of land management policies and/or practices on the acreage under review. Nearly 58 percent of all land owned by large landowners (those who own more than 100,000 acres of forest land) either has - or is anticipated to have attained - some form of certification by the end of 2001.

Maine currently has two primary certification programs that differ somewhat in their processes and goals. The Forest Stewardship Council (FSC) goal is to provide market-based incentives for sustainable forestry, specifically the "green labeling" of forest products. FSC is an international, nonprofit organization, comprising a wide array of stakeholders, including environmental groups, timber trade, forestry professionals, forest certification organizations, and indigenous peoples. FSC emphasizes performance-based audits.

The second program is the Sustainable Forestry Initiative (SFI). SFI's guidelines were developed by the American Forestry and Paper Association (AFPA) in 1994. The main goal of SFI is to promote continuous improvement of forest management and is more focused on the overall process of forest management than on a specific product.

Acres in Productive Farmland, 1950-1997



Data Source: USDA Census of Agriculture, 1997.

56. Productive Farmland

Benchmark: The acres of land in productive farming in Maine, 1.2 million acres in 1997, will experience no further decline between now and 2012.

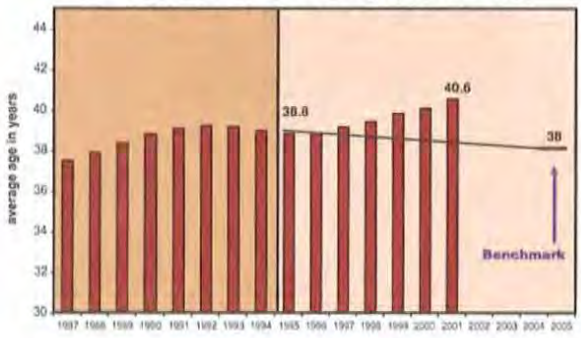
Acres of Land in Productive Farmland Declining The number of acres in productive farmland in Maine has been declining since 1950, when the state had over 4.8 million acres in productive farmland. In 1997, the last year that data were collected, Maine only had 1.2 million acres in productive farmland, a 4 percent loss from 1992 and an 80 percent loss since 1950.

Fishing, farming and forestry are the foundational industries on which the state's economy and heritage were built. Today, farming still plays a key economic role, supporting more than 65,000 jobs. Farmland also represents a key resource for open space, recreation and food security for Maine people.

Acres of productive farmland are lost for multiple reasons, including economic failure of farms and increased productivity that makes it possible to farm similar crops on smaller amounts of land. However the major reason for farmland loss, especially in southern Maine, is its conversion to commercial and residential uses. Farmland is easily developed. It is already cleared, relatively well drained and level. The loss of farmland to development purposes is irreversible, and directly impacts the Maine economy by removing these acres from production and further compromising an important component of the Maine economy.

Information on the acres of land in productive farmland in Maine comes from the U.S. Department of Agriculture's Census of Agriculture, which is now conducted every 5 years. Information is available for ten-year periods between 1880 (when the state had more than 6.5 million acres in productive farmland) and 1950. We have chosen to show data beginning in 1950, when information began being collected every 4 to 6 years, to maintain scale integrity on the x-axis.

Average Age of Commercial Fishers, 3-Year Moving Average, 1987-2001



Data Source: Maine Department of Marine Resources, November, 2001.

57. Commercial Fishing Opportunity

Benchmark: The average age of Maine's commercial fishers, examined over a three-year period, will decrease from 38.8 in 1995 to 38 by 2005.

Average Age Continues to Increase For the three years of 1999, 2000 and 2001, the average age of Maine fishers was 40.6, a slight increase over the average age of the previous three years, which was 40.2.

This measure is a proxy for "perceived opportunities" in the fishing industry. If there is a belief among fishers that the industry holds promise, young people will enter its workforce and drive the average age down. If there are regulations prohibiting entry into the workforce, the average age of fishers will rise, which is not a good sign for the industry. This performance measure does not suggest that more people should enter the fishing industry, only that if the average age of people in the industry went down, that would be a good sign.

The average age is determined by looking at ages reported on all applications for Maine commercial fishing licenses. The 2001 average age is based on all applications issued through November 11, 2001: 18,151 licenses issued to 12,446 fishers. (Individuals may hold multiple licenses). Each column in the graph reflects the average age over the previous three years.

58. Industrial Use of Toxins

Benchmark: The number of pounds of toxins used by businesses, 474 million in 1990, will decrease each year until 2005.

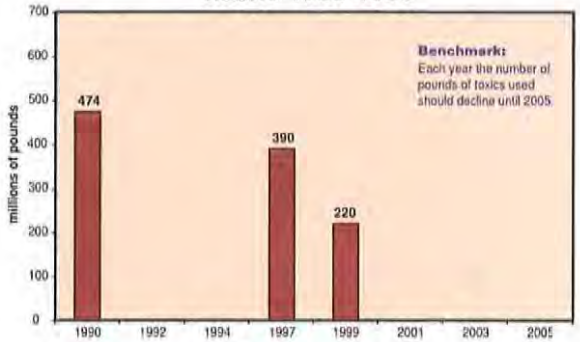
Significant Reduction Recorded In 1999, the last year for which we have data, Maine businesses used about 220 million pounds of toxic materials, mostly in manufacturing. This represents a 44 percent decrease from the amount of toxic materials used in 1997.

Toxic substances or toxins (also known as extremely hazardous substances) are defined by the federal government and include chlorine, sulfuric acid and ammonia. There are currently 227 companies or facilities in Maine that use such chemicals in amounts that require reporting, an increase from last year due to the inclusion of 130 facilities previously not on the list. Toxins are typically found in paper mills, metal production facilities, energy producers, and food processors, among others.

Beginning in 1999, reductions in the use of toxic materials became voluntary for Maine businesses. Because they are not required to reduce their use of these materials, those businesses that do so are going beyond compliance and demonstrating good stewardship. Businesses acting as stewards of the environment and those resources they depend on are critical to a high quality of life in Maine, and, to a vibrant and sustainable economy.

The data reflect total reduction in toxic use and are different than data reported for purposes of the Toxics Use and Toxic Release and Hazardous Waste Reduction Act which reflects only those companies required to report in 1990 and 1997.

Toxics Used in Manufacturing, Maine 1990-1999



Data Source: Maine Department of Environmental Protection, Office of Innovation and Assistance, December 2000. No new data since the Growth Council's last *Measures of Growth* report

59. Alternative Modes of Travel

Benchmark: Trips made by Maine people using alternative modes of freight transport will continue to increase relative to vehicle miles traveled in Maine through 2005.

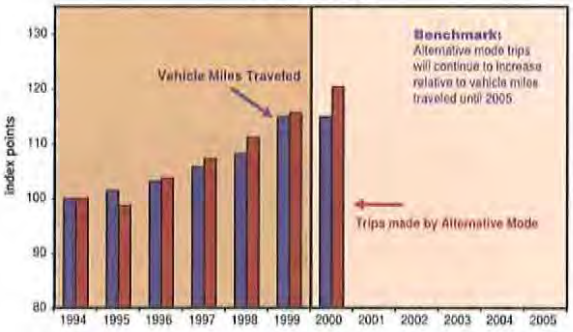
Travel Using Alternative Modes Slowly Increasing In 2000, the number of trips made by fixed route buses, ferries and airplanes (collectively known as alternative modes) increased 4.2 percent from trips made using the same modes in 1999. The number of vehicle miles traveled by automobiles declined by .03 percent during the same time period.

These figures were indexed for ease of comparison. In raw numbers a great many more miles are traveled by automobile than all other alternative modes combined. In 2000, fixed bus routes, ferries and airplanes made an estimated 6.45 million miles of trips in Maine, up from 6.19 in 1999. Maine people traveled 14.15 billion miles in their cars in 2000.

Traveling by any mode generally has a positive impact on the economy because it represents the movement of goods and services. However, alternative means of transport provide a more environmentally beneficial means of travel than vehicular transit, which is generally low-occupancy. Increased use of alternative modes of transit is also part of a vibrant and sustainable economy because it increases the competitive choices for travel and movement of people and goods.

The graph shows vehicle miles traveled and alternative mode trips indexed to 1994, whereby 1994 values were equalized to 100.

Alternate Mode Trips and Vehicle Miles Traveled (indexed from 1994), 1994-2000



Data Source: Maine Department of Transportation's Strategic Plan, Strategic Passenger Transportation Plan, Biennial Operating Plans, Transportation Service Providers, November 2001.

60. Municipal Recycling

Benchmark: The percent of municipal solid waste recycled each year, 40 percent in 1999, will increase to 50 percent recycled by 2005.

Percent of Waste Recycled Remains Below Fifty Percent In 1999, Maine residents, businesses and visitors generated 1,696,006 tons of Municipal Solid Waste (MSW) in Maine. In that year, recycling efforts, which also include composting, retrieved 40.4 percent - 685,000 tons of materials - of that waste.

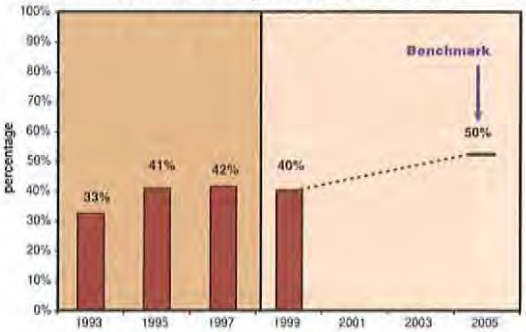
Maine adopted a solid waste management plan in 1989 that set the following priorities for managing municipal solid waste: reduce, reuse, recycle, compost, incinerate and landfill. In 1999, Maine recycled/composted incinerated 39 percent of its MSW, and landfilled 20.6 percent.

Recycling is important to Maine's economy because it can reduce our costs for managing solid wastes, and create jobs and markets for new products. Many eco-conscious consumers are interested in purchasing products made from recycled goods, a market that some Maine manufacturers have been able to capitalize on. As solid waste disposal options decrease in number, and rise in costs, recycling can become an even more attractive management option. In order to reduce the state's dependency upon incinerators and landfills for solid waste disposal, it is crucial that residents and businesses work together to reduce the volume and toxicity of solid waste they generate, reuse materials as much as possible, recycle, and compost their organics.

By recycling, we help maintain Maine's natural beauty by reducing the number and size of landfills necessary to receive our unwanted wastes. Incinerators and landfills, while a necessary part of the solid waste management system, may be unwelcome neighbors in many places.

The amount of solid waste generated and recycled by municipalities is reported annually to the Maine State Planning Office. The information is then combined with other sources reporting on solid waste management practices to determine the level of waste generation and recycling in Maine.

Percentage of Municipal Solid Waste Recycled, 1993-1999



Data Source: Maine State Planning Office, Waste Management and Recycling Program, November 2001

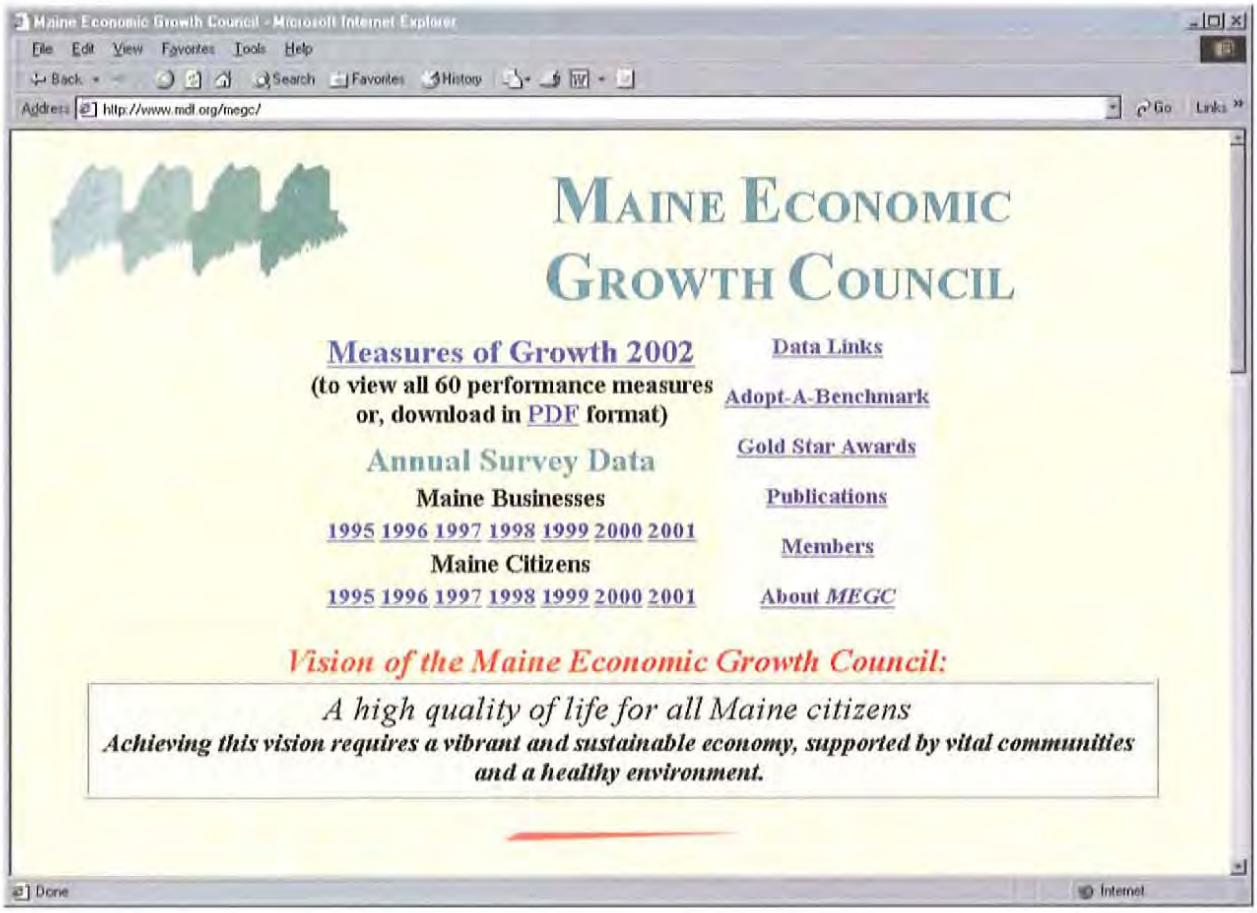
ABOUT THE DATA

The data in this report come from a wide variety of sources: primarily (1) federal agencies (see the Maine Development Foundation website for links), (2) state agencies, and (3) surveys conducted by the Maine Development Foundation. The timeliness of the data varies considerably, but in each case we present the most recent data available.

Eight of the performance measures rely entirely on data generated by the Maine Development Foundation's Annual Surveys of Maine Businesses and Citizens. These statewide surveys were conducted in September and October 1995, 1996, 1997, 1998, 1999, 2000 and 2001. The methodologies from year to year were very similar. In 2001, the citizen survey was done by telephone interviews with 601 randomly selected citizens and has a sampling error of +/- 4 percentage points with 95 percent confidence rate. The business survey was a written instrument sent to a stratified random sample of Maine businesses, completed by 663 of them, and has a sampling error of +/-6.7 percentage points with 95 percent confidence rate.

ON THE WEB

This report is available in HTML for easy viewing and in PDF for easy download and printing. There are useful links to up-to-date tables of federal and state data, related reports, and eight years of survey data reflecting opinions of Maine citizens and businesses on more than a hundred issues. Visit the Maine Economic Growth Council through the homepage of the Maine Development Foundation at http://www.mdf.org.



BACKGROUND AND REPORT DEVELOPMENT

Established in statute by the governor and legislature, the Maine Economic Growth Council began its work in 1993 by setting forth a vision and goals for the state's long-term economic growth. Hundreds of people from government, education, business, labor, environment, and economic development were involved. From a vast array of recommendations, the Council chose more than a dozen goals and about 50 performance measures by which to continually assess the state's progress towards achieving those goals. The Council held workshops, focus groups, and solicited advice from experts and state leaders from all sectors.

Since its inception, the Council has published seven well-received annual reports. Several state agencies have formally incorporated goals and benchmarks of the Maine Economic Growth Council into their own strategic plans. Nonprofit organizations have initiated programs directly aimed at accomplishing specific benchmarks. Government officials have used *Measures of Growth* to justify programs to achieve the goals. Teachers have incorporated the substance of the reports into their curricula. Policy development forums have used the benchmarks as springboards for meaningful discussions. Businesses have pledged financial resources and other forms of support to the effort. Furthermore, the council's work is receiving increasing recognition from community groups and other states as a model for establishing a vision, goals, and measurable objectives.

Despite the usefulness of *Measures of Growth* over the past seven years, the Growth Council felt that the report could be improved. In 2001, the council, which had welcomed eleven new members and selected two new co-chairs, decided to revise its format and contents.

The restructuring and revising process that ensued had three major objectives. One was to better align the report with the current and future challenges and opportunities for sustaining economic growth and a high quality of life for all Maine citizens. Another was to highlight and explain the relationships and connections between the measures in the report and sustainable economic development generally. Finally, the report was restructured to simplify and strengthen *Measures of Growth's* message to render it even more accessible to the general public.

Although the report was reformatted, historical data represented in the graphs in previous editions have been carried through to the new report.

This eighth edition of the report is the result of an intensive, six-month process that included monthly Growth Council meetings, solicited expert review and opinions, and engaged the general public in a discussion about how to assess and measure Maine's progress towards the stated goals. The result of these conversations, meetings and research is a new framework that the Growth Council believes provides a powerful strategy for sustainable economic growth for Maine.

ACKNOWLEDGMENTS

The Maine Economic Growth Council is co-chaired by President and CEO of Madison Paper Industries, Roy Barry, and State Representative Paul Tessier. The Council is administered by the Maine Development Foundation.

Its work is financed by a partnership of state resources, through a contact with the Department of Economic and Community Development, and by private contributions through the Maine Development Foundation.

The Maine Development Foundation drives sustainable, long-term economic growth for Maine. The foundation is a catalyst for new ideas and provides common ground for solving problems and advancing issues. The foundation was created by the legislature and governor more than twenty years ago as a private, nonprofit corporation with a broad mandate to promote Maine's economy. Today, the foundation is financed primarily with private resources.

The Foundation's president Henry Bourgeois facilitated meetings and Craig Freshley, program director, served as an advisor to the process. Darcy Rollins, program officer, researched and wrote the report. Market Decisions, Inc. performed the statewide surveys of businesses and Strategic Marketing Services performed the statewide surveys of citizens. J.S. McCarthy Printers of Augusta printed the report this year.

The Maine Development Foundation and the Maine Economic Growth Council extend sincere appreciation to all those people and organizations who generously provided data and guidance.

ADOPT-A-BENCHMARK

The Maine Economic Growth Council has established a list of key issues (the performance measures) and has established a target for each one (the benchmarks), but the council does not actually do the work required to achieve the benchmarks. That work is best left to specific organizations whose missions are aligned with specific issues. Achieving the benchmarks is a shared responsibility among government, businesses, nonprofits, and educational institutions.

The Growth Council encourages organizations to adopt the benchmarks it has established. When an organization adopts a benchmark, it is making a public statement of intent to work on achieving that particular benchmark. Organizations that have adopted benchmarks have publicly accepted some responsibility for Maine's long-term economic growth.

Please visit the Maine Economic Growth Council's website through the homepage of the Maine Development Foundation at http://www.mdf.org for a complete list of the measures that have been adopted by Maine organizations and businesses to date.

MAINE ECONOMIC GROWTH COUNCIL, 2001

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Dianne Tilton
Executive Director
Sunrise County Economic Council

Eloise Vitelli
Associate Director
Maine Centers for Women, Work, & Community

KEY TO SYMBOLS AND GRAPH COLORS

GOLD STARS & RED FLAGS

Determining which performance measures receive Gold Stars and Red Flags are judgment decisions by members of the Maine Economic Growth Council. These determinations reflect consensus of the group and are based on consideration of the best data available and the experienced perspectives of Growth Council members. Generally, criteria are as follows:

GOLD STAR –  Exceptional performance. Very high national standing and/or established trend towards dramatic improvement.

RED FLAG –  Needs attention. Very low national standing and/or established trend towards dramatic decline. In some cases there is improvement but it is still viewed as needing attention.

ARROWS

Determining the direction of the arrow for each performance measure is done by objectively reviewing the data. The arrow directions simply reflect movement towards or away from the benchmark since the last time new data was available. Criteria are as follows:

 **UP ARROW** – We have moved toward the benchmark since last available data.

 **DOWN ARROW** – We have moved away from the benchmark since last available data.

 **HORIZONTAL ARROW** – No significant movement either way since last available data (in instances of survey data, "significant" is defined as at least two percentage points).

 **NO ARROW** – Line: A horizontal line is used for two reasons: (1) there was no new data available since *Measures of Growth, 2001* or (2) it is a new measure. In cases where the measure is new we cannot judge achievement of its performance relative to the benchmark because it was set this year.

ON THE GRAPHS

Except where otherwise stated, all data presented are for Maine.

The vertical line separating the two background colors represents the year we started benchmarking. It is the baseline year referred to in the benchmark statement. Where we have no data prior to the baseline year, the graphs have just one background color.

Maine data is always shown in this color
New England data is always shown in this color
United States data is always shown in this color

CITING INFORMATION IN THIS REPORT

Reproduction of the information contained in Measures of Growth is encouraged, with proper citation.

Wherever data or text is reproduced, please reference the source in the following manner:

"Data Source: Maine Economic Growth Council, 2002 *Measures of Growth* report. Summary and analysis done by the Maine Development Foundation."

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