

# MAINE STATE LEGISLATURE

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# MEASURES OF GROWTH IN FOCUS



## 2012

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

EIGHTEENTH REPORT OF THE MAINE ECONOMIC GROWTH COUNCIL

PREPARED BY THE  
MAINE DEVELOPMENT FOUNDATION

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# VISION

*A high quality of life for all Maine people.*

*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



# 2012 Performance Measures of the Maine Economic Growth Council

## ECONOMY

### *Prosperity*

- ⊖ 1. Per Capita Personal Income
- ⊖ 2. Gross Domestic Product
- ⊖ 3. Employment
- ⊕ 4. Multiple Job Holding




### *Business Innovation*

- ⊖  5. Research and Development Expenditures
- ⊖  6. International Exports
- ⊖ 7. High Speed Internet Subscribers
- ⊖ 8. New Business Starts
- ⊕ 9. Manufacturing Productivity

### *Skilled and Educated Workers*

- ⊖ 10. Higher Degree Attainment
- ⊖  11. Fourth Grade Reading Scores

### *Business Climate*

- ⊖ 12. Cost of Doing Business
- ⊖  13. Cost of Health Care
- ⊕  14. Cost of Energy
- ⊕ 15. State and Local Tax Burden
- \*  16. Transportation Infrastructure
- ⊖ 17. On-the-Job Injuries and Illnesses

## COMMUNITY


### *Civic Assets*

- ⊖ 18. Affordable Housing

### *Disparities*

- ⊖ 19. Poverty
- ⊖ 20. Gender Income Disparity

### *Health and Safety*

- ⊖  21. Wellness and Prevention
- ⊖ 22. Health Insurance Coverage

## ENVIRONMENT

### *Preservation*

- ⊖ 23. Conservation Lands

### *Stewardship*

- ⊖ 24. Sustainable Forest Lands

### *Access*

- ⊖ 25. Population of Service Center Communities

## KEY TO SYMBOLS

### **GOLD STARS & RED FLAGS**

Determining which performance measures receive Gold Stars and Red Flags are judgments made 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 perspective of Growth Council members. Generally, criteria are as follows:



#### **Exceptional performance.**

Very high national standing and/or established trend towards significant improvement.



#### **Needs attention.**

Very low national standing and/or established trend towards significant decline. In some cases, there is improvement, but it is still viewed as needing attention.

### **PROGRESS SYMBOLS**

The progress symbols reflect movement towards or away from the benchmarks. The benchmarks are established by the Growth Council and progress is determined objectively each year by reviewing the most recent trend. The Growth Council does not use a uniform methodology in creating benchmarks. Criteria for applying the progress symbols are as follows:



We have moved toward the benchmark since last available data.



We have moved away from the benchmark since last available data.



No significant movement either way since last available data.

\*New data set

## **POLICY RECOMMENDATIONS FOR MAINE'S ECONOMY**

Maine is continuing its slow recovery from the recent economic downturn. There are reasons for both optimism and concern as we confront the problems of today and look to position ourselves for the future.

Maine continues to underperform on per capita personal income, a key indicator of overall economic performance. In 2010, Maine's per capita personal income ranked 31st in the nation and our income growth from 2009 to 2010 trailed the national average.

Poverty rates are another indicator of overall economic health. Although below national levels, Maine's poverty rate has climbed in recent years. In 2010, Maine's poverty rate was 23.5% for children under 5 and 18.2% for children under 18, creating difficulties during these formative years. Underlying the state average, Maine's poverty rate varies widely from a low of 10.3% in York and Cumberland counties to a high of 19.4% in Washington County.

It is the opinion of the Maine Economic Growth Council that the key to increasing incomes and lifting people out of poverty is to make targeted policy choices and investments that increase the productivity of our people and businesses and position Maine to successfully compete in this ever-globalizing economy.

### **INVESTING IN THE PRODUCTIVITY OF MAINE'S PEOPLE**

In the modern economy, education is a key determinant of individual earning potential and overall economic prosperity. Fourth Grade Reading Scores are vital because this is where students transition from "learning to read" to "reading to learn." These scores are both a reflection of educational attainment and a predictor of future success.

The foundation for educational success is set during early childhood. Research consistently shows that investment in high quality early childhood development is the most effective and cost-efficient means of improving an individual's chances for success. Maine should consider the following:

- Use our expanding communication technology to bring best practices and evidence-based programs such as the Educare Central Maine model to all communities in Maine.
- Expand the current public preschool program to all school districts.
- Require early childhood programs to meet a minimum quality standard in order to receive state money to ensure that public funds support high quality care and education.
- Increase access to evidence-based training and education for child care providers and educators.

The health and wellness of Maine's people is another area that needs dramatic improvement as 64% of Maine adults are overweight or obese. Helping Mainers to achieve and maintain a healthy weight can yield significant benefits in quality of life, productivity, and reduced health care costs. Policies to consider include:

- Make tax incentives available to employers that provide wellness and prevention programs for employees.
- Continue to work with insurance providers to promote wellness and prevention.
- Use public money to fund physical activity and nutritious foods in public schools.
- The State, as an employer, should lead by example in reducing health care costs through fully investing in wellness and prevention for employees.

### **INVESTING IN THE PRODUCTIVITY OF MAINE'S BUSINESSES**

Maine's energy and health care costs are higher than the U.S. average. Strategies to manage these costs and bring them closer to the U.S. average can help reduce the burden on Maine businesses and improve Maine's economy. Maine can address this by the following:

- Expand and incent efficiency investments in large commercial and industrial consumers.
- Continue to diversify our energy supply to provide a wider range of options, including commercially viable renewable sources, to all consumers.

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Health care accounts for a disproportionate amount of Maine's gross domestic product relative to the nation and the other New England states. This imposes a heavy burden on Maine's people, businesses, and government. Strategies to consider in addressing this include:

- Utilize technology to more efficiently reach our rural, dispersed populations.
- Increase access to wellness and preventive care.
- Provide sufficient information to allow individual and business consumers to make informed choices about their health care options.

## INVESTING IN THE FUTURE

Innovation and infrastructure are important to today's economy and are critical to moving the economy forward.

Investment in research and development helps businesses to become more efficient and helps to bring new products to market. Yet, Maine's investment in research and development remains well below the region and nation. Maine should consider the following:

- Continue public investment in research and development that leverages private investment to meet the goals of the state's Science and Technology Action Plan.
- Support the commercialization of innovations through programs like the Maine Technology Institute, the University System's Cooperative Extension, and entrepreneurial networks.

Maine's transportation infrastructure links us to the world at large and is a vital component of Maine's economy. The current condition of Maine's roads and bridges takes a major toll on business productivity by lowering fuel mileage, increasing commute and delivery times, and playing a part in more accidents. Recommendations in this area include:

- Dedicate funding streams for the maintenance of Maine's high economic priority roads and bridges.
- Invest in alternative modes of transportation, such as freight and passenger rail, air, and ports, and the intermodal centers that connect them.

## THE NATURE OF DATA

Sound policymaking is founded on sound data. The Council strives to provide the most accurate and timely data in a fashion that is useful for policymakers and opinion leaders. While great care is taken to ensure that the information in this report supports good decision making, the data we are dealing with by nature comes with a level of uncertainty. The best data has been collected in a way that manages this uncertainty. The data is regularly revised as more information and better methodologies are made available. As a result, the data in this edition may be slightly different from previous reports and, more importantly, more accurate. Despite any changes in the data, the trends and policy implications are unchanged.

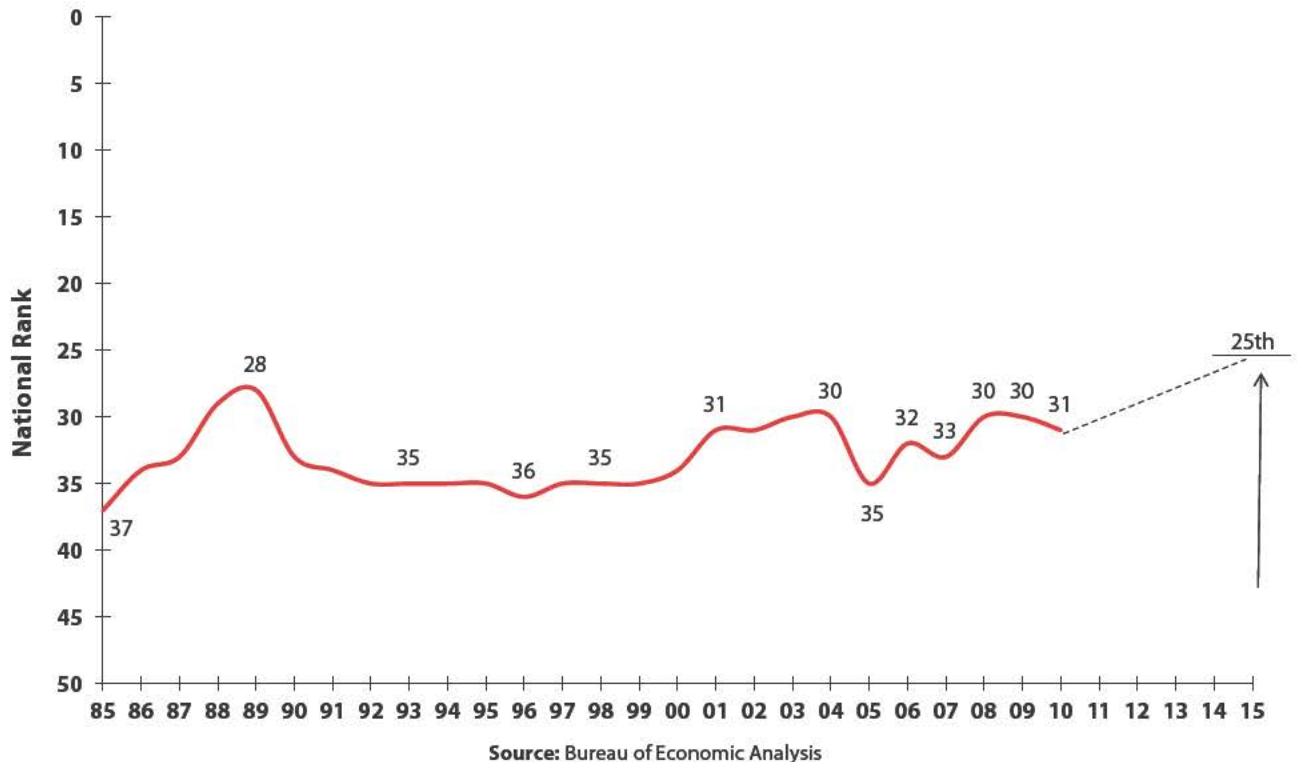




## 1. Per Capita Personal Income

**Benchmark:** Maine's national rank among the 50 states on per capita personal income will reach 25th by 2015.

### Maine's National Rank on Per Capita Personal Income 1985 - 2010



### Maine Growth of 1.8% Trails National Growth Rate of 2.8%

Maine's per capita personal income improved by 1.8% from \$36,058 in 2009 to \$36,717 in 2010 but did not keep pace with the national growth rate of 2.8%. As a result, Maine lost ground on the national average and fell in national ranking from 30<sup>th</sup> to 31<sup>st</sup>. Maine's per capita personal income as a percent of the U.S. average dropped from 92.8% in 2009 to 91.9% in 2010.

In 2010, New England's per capita personal income was \$48,989, above both the U.S. average and Maine. Maine's per capita personal income is less than the other five New England states.

Per capita personal income is the income received from all sources (wages, salary, supplements, rents, dividends, interest, and transfer payments) divided by the state's population. Maine receives a greater share of its income (22.5% in 2010) from transfer payments than the nation (18.5% in 2010). The four percentage point gap in these percentages in 2010 was the smallest since 2004. Transfer payments are payments to persons for which no current services are performed. Examples include Social Security, unemployment, and welfare assistance. A positive outcome for Maine families will require increasing the components of personal income that are not derived from transfer payments.

Per capita personal income is a measure of economic prosperity. Higher incomes stimulate the economy by enabling greater consumer spending and savings and lowering tax burdens. Higher incomes are linked to a higher quality of life; as items such as housing, health insurance, and education become more affordable, Maine people have more disposable income. When incomes fail to keep pace with rising prices, it becomes increasingly difficult to afford even essentials such as food, medicine, and fuel. Positive movement towards the benchmark will require positive

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## 1. Per Capita Personal Income (Continued)

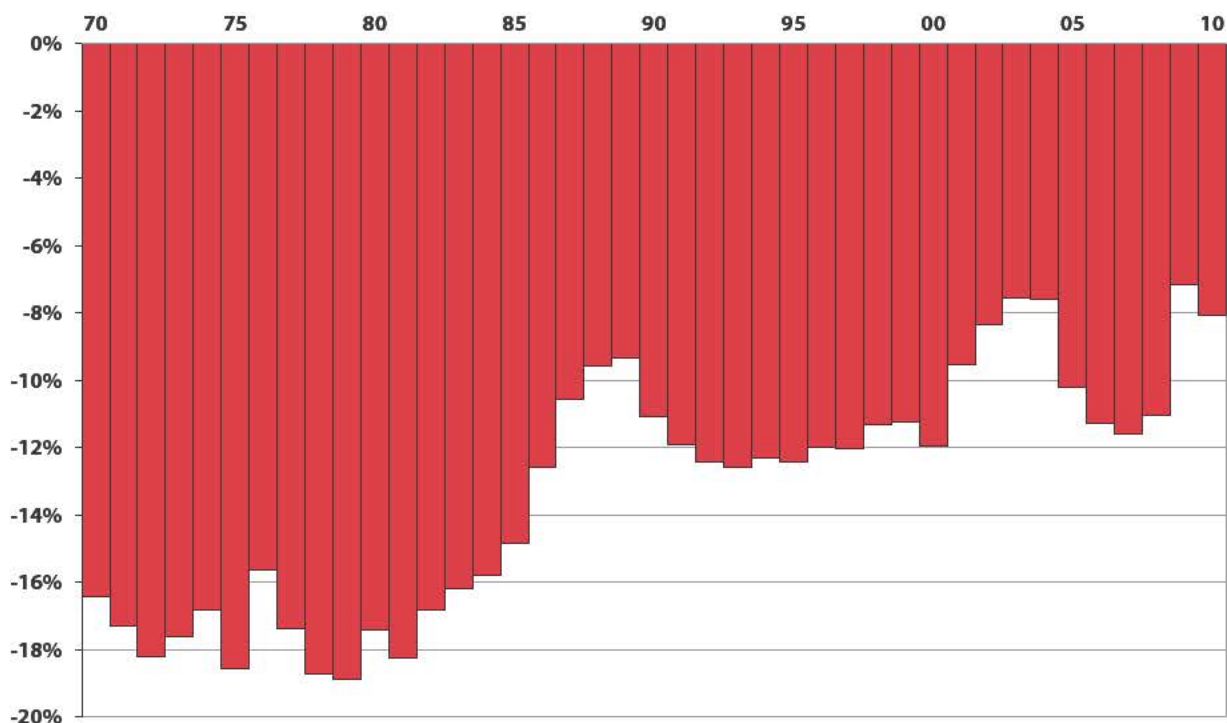
2010 Personal Income and National Rank, New England States		
	Income	Rank
United States	\$39,945	
New England	\$48,989	
Connecticut	\$54,877	1
Massachusetts	\$51,302	2
New Hampshire	\$43,586	9
Rhode Island	\$42,095	15
Vermont	\$40,098	19
Maine	\$36,717	31

Source: Bureau of Economic Analysis

movement on many other indicators.

The Per Capita Personal Income Gap graph shows Maine's progress in closing the income gap with the nation. The 2010 gap of -8.1% is larger than the 2009 gap of -7.2%, which represented the smallest gap since 1970.

**Per Capita Personal Income Gap 1970 - 2010**  
(% Points Maine Income Lags U.S.)



Source: Bureau of Economic Analysis

**Related indicators include:** Gross Domestic Product, Employment, Higher Degree Attainment, State and Local Tax Burden, Poverty

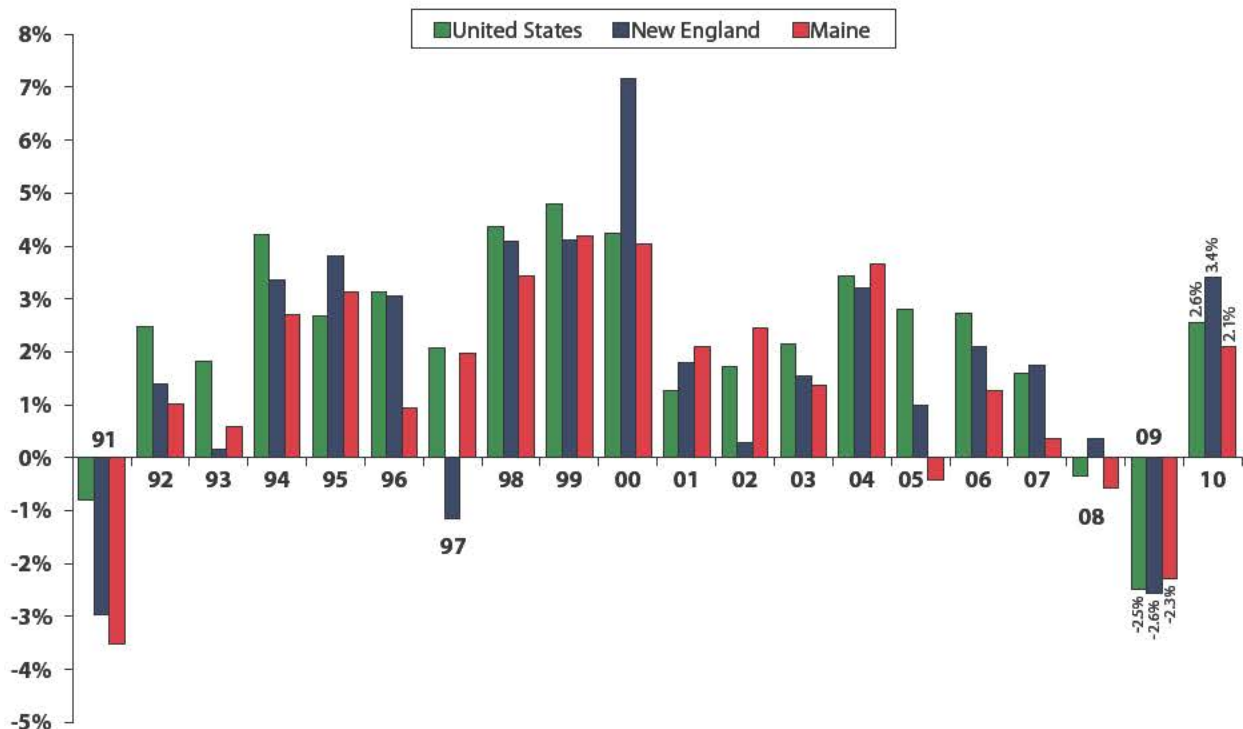




## 2. Gross Domestic Product

**Benchmark:** Maine's GDP growth will outpace New England and the U.S.

### Real Gross Domestic Product Growth Rate 1991 - 2010



Source: Bureau of Economic Analysis

### Maine's GDP Grows by 2.1% but Growth Trails Region and Nation

Gross Domestic Product (GDP) is a measure of economic health and a primary determinant of a growing or receding economy. GDP is the value added in production by labor and property located within a state summed across all industry sectors.

After declining from 2008 to 2009, GDP was up nationwide in 2010. Maine saw both a smaller decline than New England and the nation in 2009 and a smaller increase in 2010 (2.1% compared to 3.4% and 2.6%, respectively). Over the last five years, GDP has grown much more slowly in Maine (0.8%), than in New England (5.0%) and the nation (4.3%).

The table shows the relative contribution of major industry sectors to Maine's GDP in 2010. The percent that each sector contributes to Maine's total GDP was largely unchanged from 2009. Real Estate, Government, Health Care and Social Assistance, and Manufacturing account for half of Maine's economic output. Reversing a trend from recent years, Manufacturing grew by 7.7%. Other sectors seeing strong improvement were Information (8.3%), Utilities (5.9%), and Management (6.0%). Real Estate, Government, and Health Care and Social Assistance were essentially unchanged from 2009 to 2010. Overall, sixteen sectors experienced growth from 2009 to 2010, and two sectors saw modest declines.

GDP is affected by a number of other indicators. Improvements in educational attainment and health of the workforce, for example, can drive up productivity, while controlling costs like energy and health care frees up money for business investment. Each of these can lead to greater economic output.

**Related indicators include:** Employment, Manufacturing Productivity, Higher Degree Attainment, Fourth Grade Reading Scores, Cost of Health Care, Cost of Energy

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## 2. Gross Domestic Product (Continued)

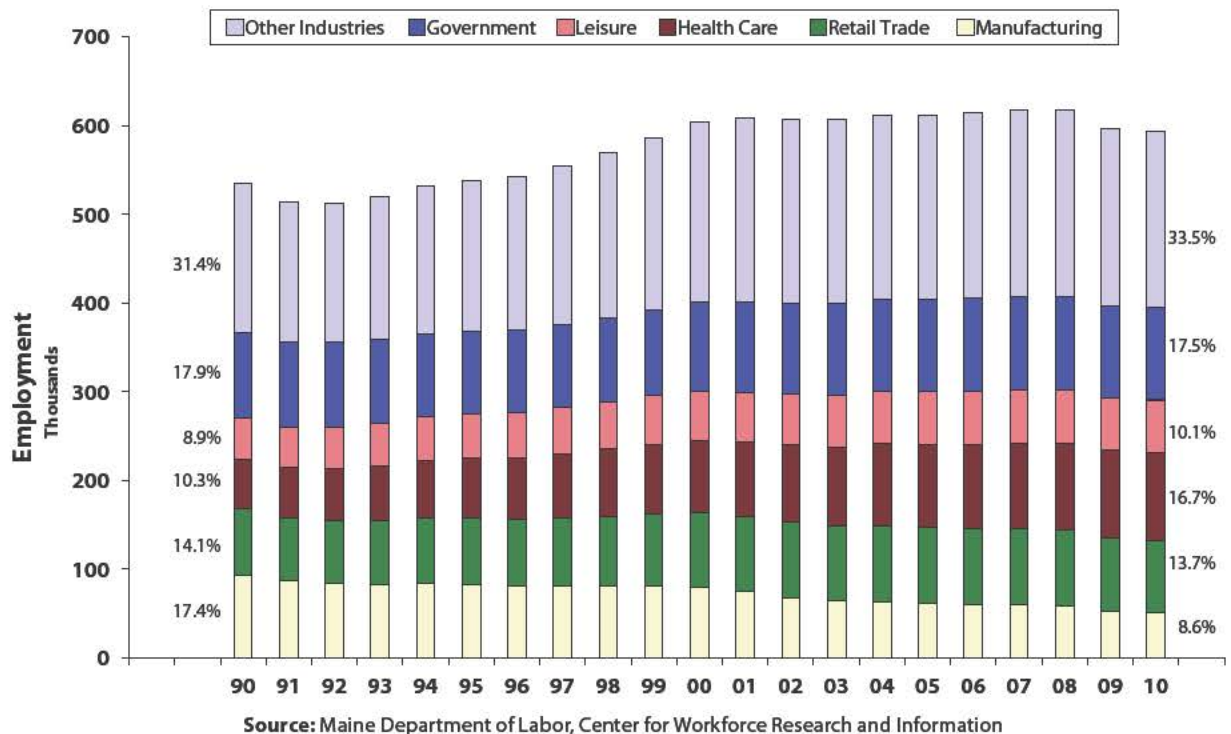
<b>Real Gross Domestic Product in Maine by Major Industry Sector 2010</b>			
<b>Industry Sector</b>	<b>GDP Millions of Dollars</b>	<b>% of Total</b>	<b>% Change 09-10</b>
Real Estate	\$6,290	14%	-0.5%
Government	\$6,244	14%	-0.5%
Health Care and Social Assistance	\$5,212	11%	0.1%
Manufacturing	\$5,095	11%	7.7%
Retail Trade	\$4,165	9%	4.6%
Finance and Insurance	\$3,526	8%	2.2%
Wholesale Trade	\$2,567	6%	0.9%
Professional & Technical Services	\$2,402	5%	0.5%
Construction	\$1,605	3%	1.9%
Accommodation & Food Services	\$1,415	3%	4.0%
Information	\$1,281	3%	8.3%
Administrative & Waste Services	\$1,208	3%	4.9%
Transportation and Warehousing	\$1,042	2%	1.0%
Other Services	\$991	2%	2.4%
Utilities	\$757	2%	5.9%
Management	\$623	1%	6.0%
Educational Services	\$499	1%	1.2%
Arts, Entertainment, Recreation	\$448	1%	4.9%

Source: Bureau of Economic Analysis

### 3. Employment

**Benchmark:** Employment measured by the total number of jobs will increase each year.

#### Maine's Average Annual Nonfarm Wage and Salary Employment by Industry Sector 1990 - 2010



#### Maine Loses 3,300 Jobs - A Skilled Workforce Key to Recovery

Maine lost 3,300 jobs from 2009 to 2010, a decrease of 0.6%. The total of 593,000 jobs is the lowest level since 1999, when the state had 586,300 jobs.

The makeup of Maine's economy also continues to change. One major trend is the continued loss of jobs in the manufacturing industry. Manufacturing Gross Domestic Product increased by 7.7% from 2009 to 2010, even as the sector lost 1,500 jobs, a decline of 2.9%. Overall, Manufacturing has declined from 17.4% of Maine's workforce in 1990 to 8.6% in 2010. Manufacturing jobs have declined nationwide. Structural factors, such as outsourcing and improvements in productivity, have decreased employment opportunities in this critical industry sector, which historically has tended to provide comparatively high wages and benefits. This decline in manufacturing jobs was aggravated during the recent recession as demand for manufactured products decreased significantly.

Eight industry sectors experienced declines from 2009 to 2010, while five saw improvement. Retail lost 900 jobs (-1.1%), Construction lost 800 jobs (-3.2%), and Transportation, Warehousing, and Utilities lost 500 jobs (-2.9%). The Health Care and Social Services sector lost 200 jobs (-0.2%) after adding 1,300 jobs the previous year. The Natural Resource and Mining Sector grew by 4.2% adding 100 jobs.

The data demonstrate that Maine faces a number of significant challenges. The largest economic downturn in decades is likely to result in slow job growth and higher unemployment for the next few years. Many of the jobs that will be available in the future will be in different sectors than those that were lost. While some of the factors influencing Maine's economy are beyond our control, providing workers with the skills and education to participate in growth industries is, and will continue to be, essential to our economic prosperity as we look to develop new employment opportunities.

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### 3. Employment (Continued)

Employment Growth in Maine by Selected Sectors 2009 - 2010		
Sector	Jobs Gained/Lost	Growth
Manufacturing	-1,500	-2.9%
Retail Trade	-900	-1.1%
Health Care and Social Assistance	-200	-0.2%
Leisure and Hospitality	500	0.8%
Government	200	0.2%
Natural Resource and Mining	100	4.2%
Construction	-800	-3.2%
Transportation, Warehousing, and Utilities	-500	-2.9%
Wholesale Trade	-500	-2.6%
Information	-200	-2.2%
Financial	-400	-1.2%
Professional and Business Services	600	1.1%
Educational Services	600	3.1%
Other Services	0	0.0%

Source: Maine Department of Labor, Center for Workforce Research and Information

Maine's economy, like the nation's, is in transition. Some of Maine's investments intended to grow the economy and create good jobs (such as job training, education, and research and development) are paying dividends – particularly in high tech and emerging specialized manufacturing industries. More than ever, these emerging industries demand highly skilled and highly educated workers. Continued investment in education, at all levels and in all forms, is necessary to prepare Maine's workforce for the economy of both today and tomorrow.

In addition, a large number of older workers from across Maine's economy are approaching retirement and will take with them considerable experience and institutional knowledge. Providing students with the appropriate skill sets, training the existing workforce, supporting innovation and entrepreneurship, and attracting new workers from outside of Maine will be critical to replacing these skills and knowledge.

**Related indicators include:** Gross Domestic Product, Higher Degree Attainment, Fourth Grade Reading Scores

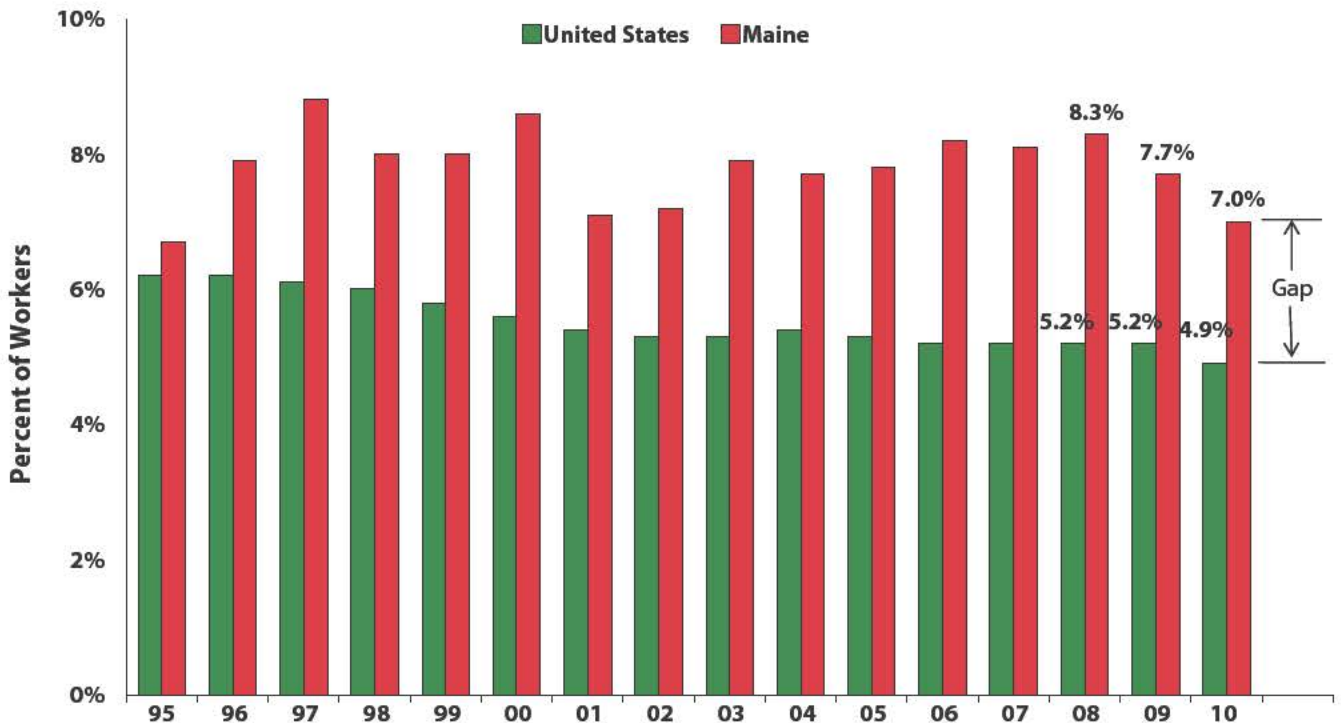




## 4. Multiple Job Holding

**Benchmark:** Maine's multiple job holding rate will decline to the U.S. rate.

### Percent of Workers Holding Multiple Jobs 1995 - 2010



Source: U.S. Department of Labor, Bureau of Labor Statistics, and Maine Department of Labor, Center for Workforce Research and Information

### Maine's Multiple Job Holding Rate Declines but Remains Above U.S. Average as Job Quality in Maine Continues to be a Concern

The Growth Council views this indicator, in part, as a measure of job quality, as people often hold multiple jobs because no single job provides adequate compensation. It is important to note, however, that this is not the only reason people work multiple jobs. A second job may offer the opportunity to earn extra money, offer a different challenge, or provide enjoyment. The Maine Department of Labor suggests that Maine's rate is higher than the national average due to a higher degree of seasonal work and growth in retail trade and other services in which part-time work is prevalent. A higher rate of multiple-job-holding, therefore, is due in part to quality and the structure of the economy. This category includes self-employed workers who also hold a wage or salary job.

The Growth Council has set the benchmark of Maine's multiple job holding rate declining to the U.S. average. Maine's 2010 rate remained above the New England (6.2%) and U.S. (4.9%) averages in 2010. Maine's trend has been positive in recent years.

Wages are another indicator of job quality. According to the Bureau of Labor Statistics, Maine's 2010 average annual wage (\$37,338), across all sectors, is 80% of the national average (\$46,751), and 79% of the New England average (\$47,435). This can be difficult for Maine families buying goods and services like health care, energy, and food. The health insurance indicator in this report shows that fewer jobs offer employer-provided health insurance than in the past, also supporting an assertion of declining job quality.

These factors affect Maine's social fabric and culture. Holding multiple jobs means that workers have less time to spend at home and in their community, and less leisure time. Raising the skills of our current and future workforce will help lift existing businesses and will serve to attract high-growth industries both offering Maine workers quality employment opportunities.

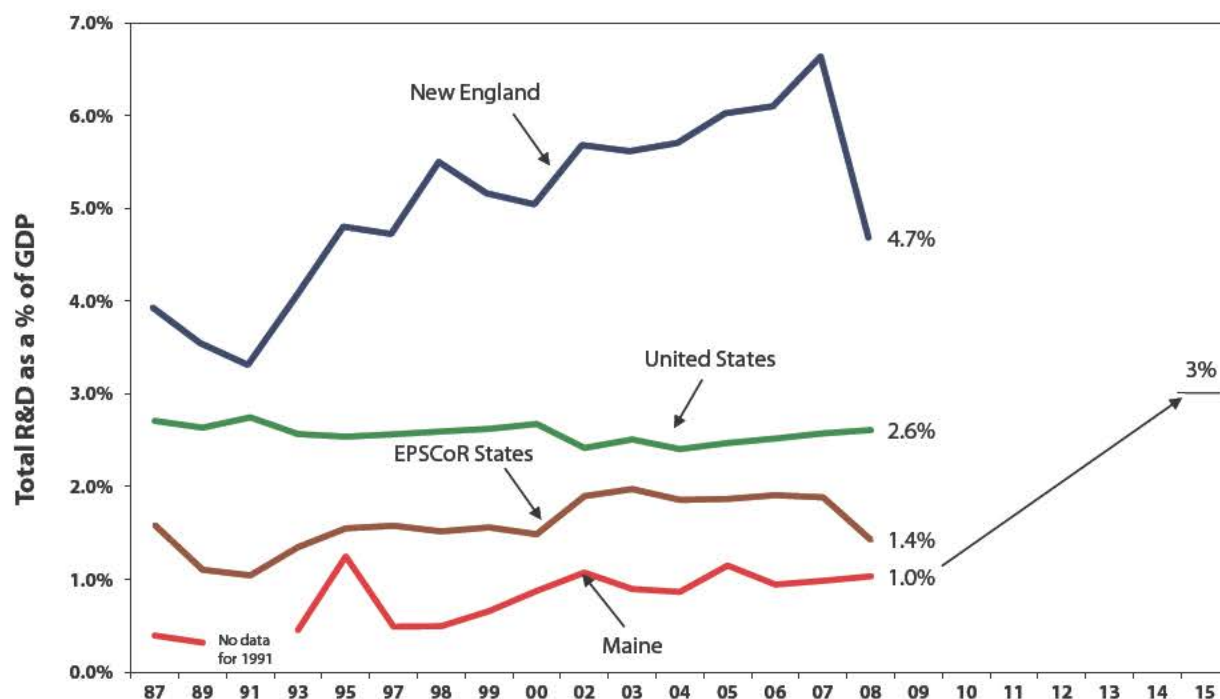
**Related indicators include:** Per Capita Personal Income, Employment, Higher Degree Attainment

## 5. Research and Development Expenditures

**Benchmark:** Total R&D spending as a percent of GDP in Maine will increase to 3% by 2015.



### Total R&D Spending as a Percent of Gross Domestic Product 1987 - 2008



Note: From 1997-2000 & 2002-2008 chart portrays one-year increments; all other years are in two-year increments.

Source: Camoin Associates

### Maine R&D Investment Remains Steady at 1% of Gross Domestic Product – More is Needed to Drive Innovation and Growth

Maine's total Research and Development (R&D) investment grew from \$485 million in 2007 to \$516 million in 2008 representing approximately 1% of Gross Domestic Product (GDP). At this level of effort, Maine continues to invest a smaller share of the economy in R&D than the U.S. and New England. Maine's R&D investment as a percentage of GDP doubled (from 0.5% to 1%) from 1998 to 2008 and Maine's national rank grew from 45th in 1999 to 40th in 2008.

This indicator compares Maine with other EPSCoR states (Experimental Program to Stimulate Competitive Research – a joint program of the National Science Foundation and 25 small, rural states, including Maine), the United States as a whole, and New England. For the last 20 years, Maine has remained below the nation, the region, and EPSCoR states on this measure.

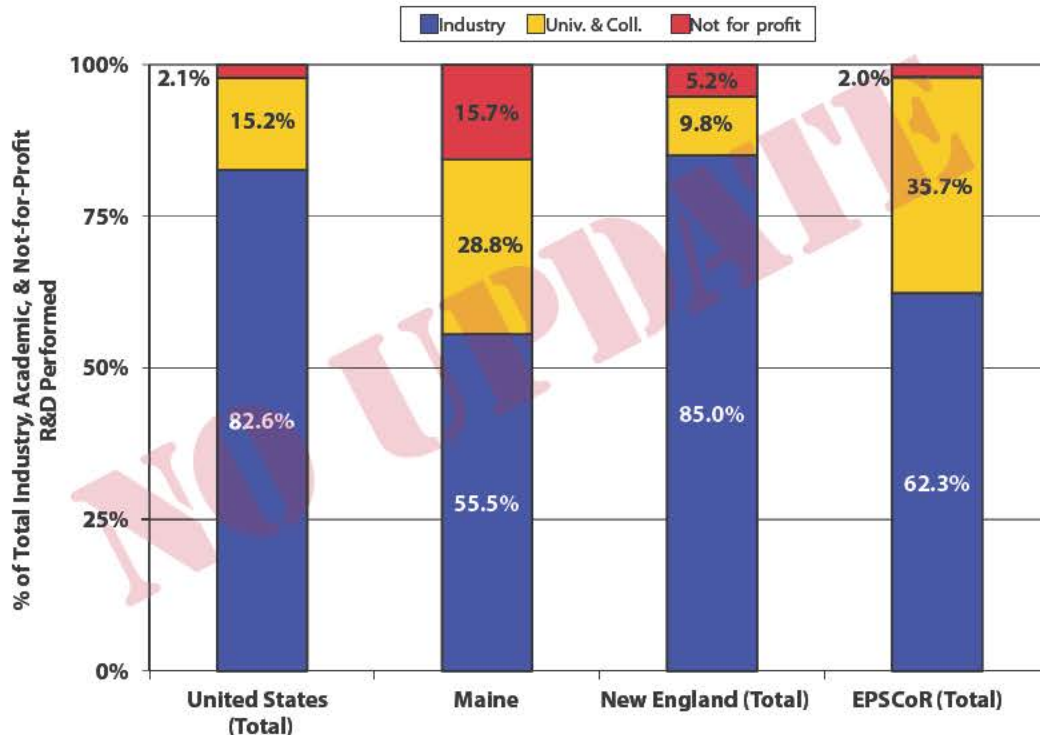
The Growth Council views the 3% benchmark as the investment necessary to expand Maine's innovation-driven economy and improve the state's competitiveness. This is also the goal set by the Maine Innovation Economy Advisory Board in the state's 2010 Science and Technology Action Plan. An additional investment of approximately \$866 million would have been required to reach the 3% benchmark in 2008. Although an update is not available to the R&D by Performance Sector chart at this time, it is important to note that Maine's private industry investment in R&D is below the EPSCoR, U.S., and New England averages.

R&D performance is a key measure for gauging Maine's competitiveness in the knowledge-based economy. R&D is a driving force in economic growth. It fuels innovation that leads to new products, processes, technologies, and services. These innovations spawn new industries, new jobs, and, ultimately, an improved quality of life. Nobel Prize Winner

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## 5. Research and Development Expenditures (Continued)

### R&D by Performance Sector – 2007



Source: Camoin Associates

Robert Solow, showed that 80% of GDP growth comes from innovation. R&D activity also attracts and supports a highly educated and skilled workforce which, in turn, continues to build a cycle of innovation. All of this leads to better jobs and economic growth.

**Related indicators include:** Gross Domestic Product, Higher Degree Attainment, Fourth Grade Reading Scores

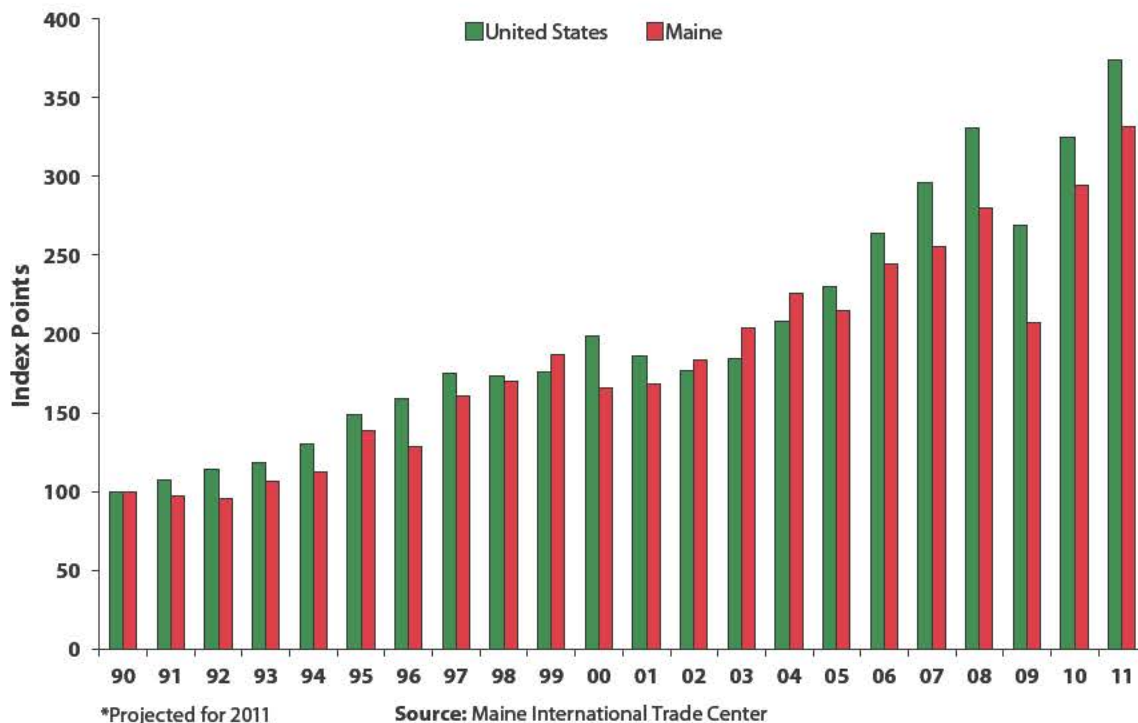


## 6. International Exports

**Benchmark:** Maine's international exports will grow faster than U.S. international exports.



### International Exports (Indexed from 1990) 1990 - 2011\*



### Maine Exports Improve by Almost 13% from \$3.2 Billion to \$3.6 Billion from 2010 to 2011

Following a recessionary plunge in 2009, both Maine and U.S. exports recovered in 2010 and continued their upward momentum during 2011. Maine exported almost \$3.6 billion of commodities in 2011, up 12.7% from \$3.2 billion in 2010. U.S. exports grew by 15.1% during this time.

Identifying and capitalizing on new markets remains essential to growing the Maine economy and supporting Maine manufacturers and industry. International markets represent real growth opportunities and Maine businesses need access to, and the ability to meet demand in, these markets. The State of Maine must continue building relationships worldwide to identify market opportunities for our businesses, and Maine's businesses must be ready to capitalize on these opportunities. The Maine International Trade Center is an important partner for Maine businesses looking to grow outside the U.S.

Many of Maine's top commodity export sectors grew from 2010 to 2011. The Aircraft and Spacecraft sector saw the largest increase, from \$104 million to \$268 million. Driven in large part by the semiconductor industry, Electric Machinery grew from \$926 million to \$1,071 million, in the process becoming Maine's leading sector in total export dollars. Fish Products grew from \$288 million to \$308 million. Maine's other major groups declined or saw no growth over this period.

Canada was again Maine's top trading partner with 32% of total Maine exports, followed by Malaysia (28%), China (8%), the Republic of Korea (4%), and the United Kingdom (4%). The remaining 24% of exports are purchased by over 170 countries worldwide.

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## 6. International Exports (Continued)

<b>Maine's Major Exported Commodities, 2011, in Millions of Dollars</b>			
<b>Commodity</b>	<b>2011</b>	<b>2011 % of Total</b>	<b>Growth Rate 2010 - 2011</b>
<b>Electric Machinery, Sound Equip, TV Equip, Parts</b>	<b>1,071</b>	<b>30.0%</b>	<b>15.6%</b>
<b>Forest Products Sub-Total</b>	<b>924</b>	<b>25.9%</b>	<b>-3.0%</b>
<i>Paper and Paperboard</i>	<i>404</i>	<i>11.3%</i>	<i>-0.6%</i>
<i>Pulp of Wood, etc.</i>	<i>313</i>	<i>8.8%</i>	<i>-3.7%</i>
<i>Wood and Articles of Wood</i>	<i>207</i>	<i>5.8%</i>	<i>-6.3%</i>
<b>Fish, Crustaceans, and Aquatic Invertebrates</b>	<b>308</b>	<b>8.6%</b>	<b>7.1%</b>
<b>Aircraft, Spacecraft, and Parts</b>	<b>268</b>	<b>7.5%</b>	<b>158.9%</b>
<b>Industrial Machinery, Including Computers</b>	<b>126</b>	<b>3.5%</b>	<b>-16.3%</b>
<b>Vehicles, Except Railway or Tramway, and Parts, etc.</b>	<b>74</b>	<b>2.1%</b>	<b>1.1%</b>
<b>Ships, Boats, and Floating Structures</b>	<b>18</b>	<b>0.5%</b>	<b>3.7%</b>
<b>Other</b>	<b>776</b>	<b>21.8%</b>	<b>N/A*</b>
<b>Total Exports</b>	<b>3,565</b>	<b>100.0%</b>	<b>12.7%</b>

**Source:** Maine International Trade Center

\* Not applicable with addition of Aircraft, Spacecraft, & Parts in 2011

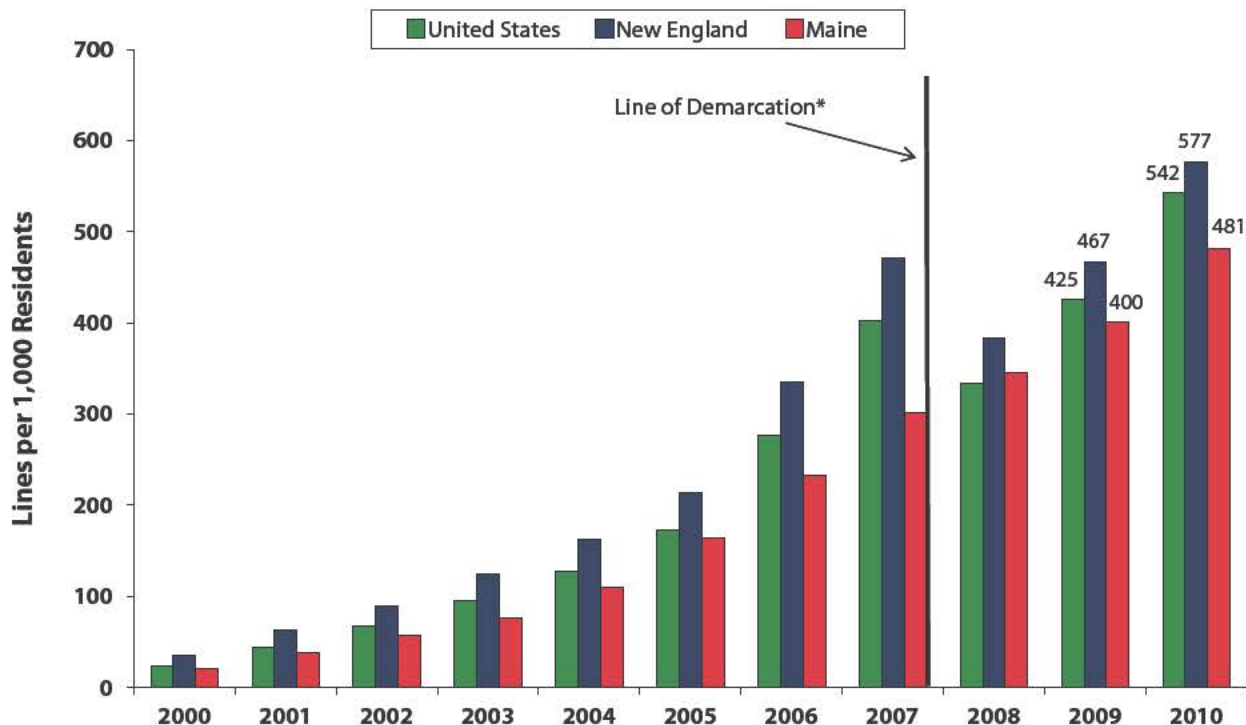
**Related indicators include:** Gross Domestic Product, Research and Development Expenditures

## 7. High Speed Internet Subscribers

**Benchmark:** Maine will reach the New England level of high speed internet subscribers by 2015.



### High Speed Internet Lines (Subscribers) per 1,000 Residents 2000 - 2010



Source: Camoin Associates

### Maine Rate of 481 High Speed Internet Subscribers per 1,000 Residents Trails U.S. and New England Rates

U.S. and New England rates dropped in 2008 due to a change in reporting methodology by the Federal Communications Commission\*. In 2010, Maine had 481 high speed internet subscribers per 1,000 residents, compared to 400 in 2009, an increase of 20%. In 2010, Maine trailed the U.S. and New England by 61 and 96 subscribers per 1,000 residents, respectively. New England continues to be considerably more connected than the nation as a whole, meaning that achieving the Growth Council's goal of reaching the New England level by 2015 is likely to be difficult absent a major policy shift or public sector investment.

In general, broadband access is more available in southern and coastal Maine and less available in the northern, eastern, and western regions. Even in the more-connected regions, there are still pockets that do not have broadband access.

The challenge is connecting and providing options in both rural areas and where there are pockets that lie just beyond internet and cable service areas. Population density and geography drive private investment decisions, as service providers require a minimum density to expand service. With existing wire and wireless technology, customers must live within a certain distance of this infrastructure. Those beyond that distance are excluded from the service. Satellite service may be available, but may require costly upfront investments or monthly payments, and may not be reliable with changing weather patterns.

Despite these challenges, expansion of internet and telecommunication technology is essential for Maine's economic growth and quality of life. In the knowledge economy, internet access can help connect Maine businesses, organizations, and individuals to the world at large. Internet connectivity makes it possible for companies to compete in the greater global economy and is especially important to the state's small businesses. Access also enables entrepreneurs to live and

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## 7. High Speed Internet Subscribers (Continued)

work in communities across the state; expands educational opportunities; and improves the accessibility, quality, and efficiency of health care. It is important to support connectivity expansion efforts in Maine like the ConnectME Authority, the Three Ring Binder project, FairPoint Communication's Northern New England work, and Axiom Technologies' work to expand internet connectivity in Washington County.

**Related indicators include:** Research and Development Expenditures, New Business Starts

\*The Federal Communications Commission changed its reporting instructions in December of 2008, causing a one-time decrease in the reported number of mobile wireless internet access service connections, from about 60 million nationally in June 2008 to about 25 million in December 2008. The change excluded typical cell phone customers, customers whose only data purchases were entertainment downloads, and customers whose device has an internet browser but can only download customized-for-mobile internet content. As of December 2008, mobile network operators report only customers whose devices allow them to access the full internet and with service plans that allow data use over at least a month.

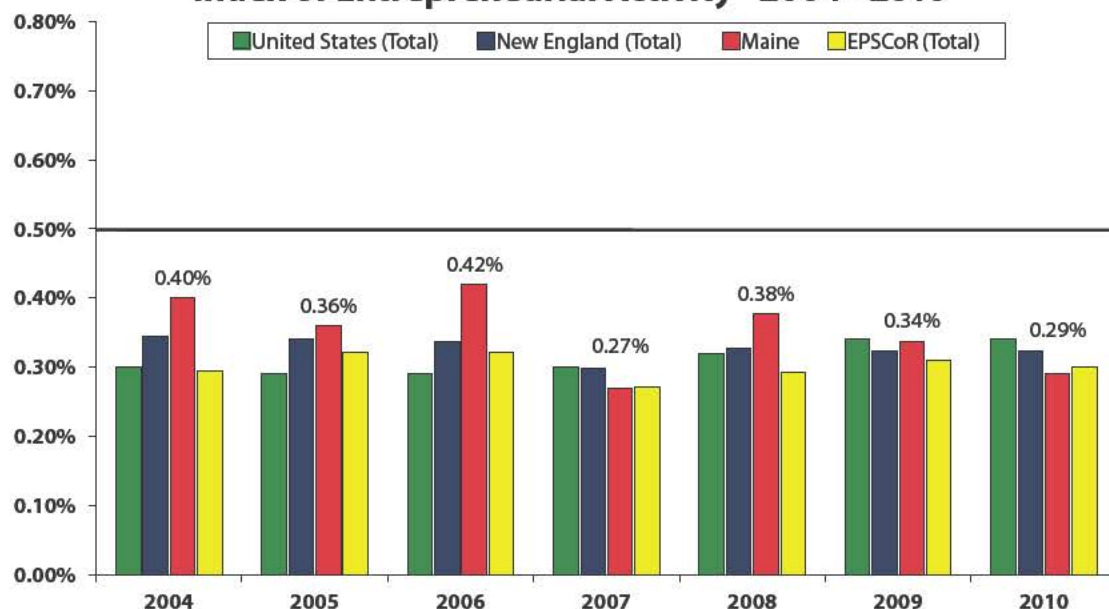


## 8. New Business Starts

**Benchmark:** The entrepreneurial index in Maine will reach 0.50% by 2015.



### Index of Entrepreneurial Activity\* 2004 - 2010



\*Measures the percent of individuals from ages 20 to 64 who do not own a business in the first survey month who start a business in the following month (15+ hours per week)

Source: Camoin Associates

### New Business Activity in Maine Falls to 0.29% in 2010 - Below U.S., New England, and EPSCoR Averages

The index of entrepreneurial activity is a statement of business health and vitality. The indicator compares Maine to the other EPSCoR states (Experimental Program to Stimulate Competitive Research – a joint program of the National Science Foundation and 25 small, rural states, including Maine), the U.S., and New England. Maine's rate dropped from 0.34% in 2009 to 0.29% in 2010, falling below the United States (0.34%), New England (0.32%) and EPSCoR state (0.30%) activity for the first time since 2007.

It is also important to know if new businesses are surviving and the type of employment they offer. The Maine Department of Labor tracks the survival rate of new businesses, the jobs they create, and the wages those jobs pay. From the fourth quarter of 2009 to the fourth quarter of 2010, of the 2,144 new business starts in Maine, 1,940 survived – a survival rate of 90%. These surviving businesses provided 6,307 jobs with an average quarterly wage of \$8,635, approximately 10% below the average quarterly wage for the total private sector.

An important subset of new business activity is microbusiness (five or fewer employees). Data provided by the University of Maine's School of Economics shows that, since 2001, microbusinesses have accounted for a larger percentage of total annual employment in Maine than in any other New England state except Vermont. From 2008 to 2009, Maine's number of microbusinesses dropped by 3.1%, New England's by 2.3%, and the U.S.'s by 1.2%. In 2009, microbusinesses in Maine accounted for 21.6% of the state's total employment, above the New England (18.1%) and national (18.8%) averages.

New business activity is critical to Maine's economy. It is important to understand the types of businesses being created and the supports they need, as well as the number and quality of jobs they provide. Efforts such as the Maine Technology Institute, the Maine International Trade Center, the University of Maine's Innovation Engineering program, and the Kennebec Valley Entrepreneurial Network are giving Maine entrepreneurs the resources they need to build businesses, create jobs, and succeed. Continued support of these and similar efforts will help Maine realize this important benchmark.

**Related indicators include:** Research and Development Expenditures, Higher Degree Attainment, Fourth Grade Reading Scores

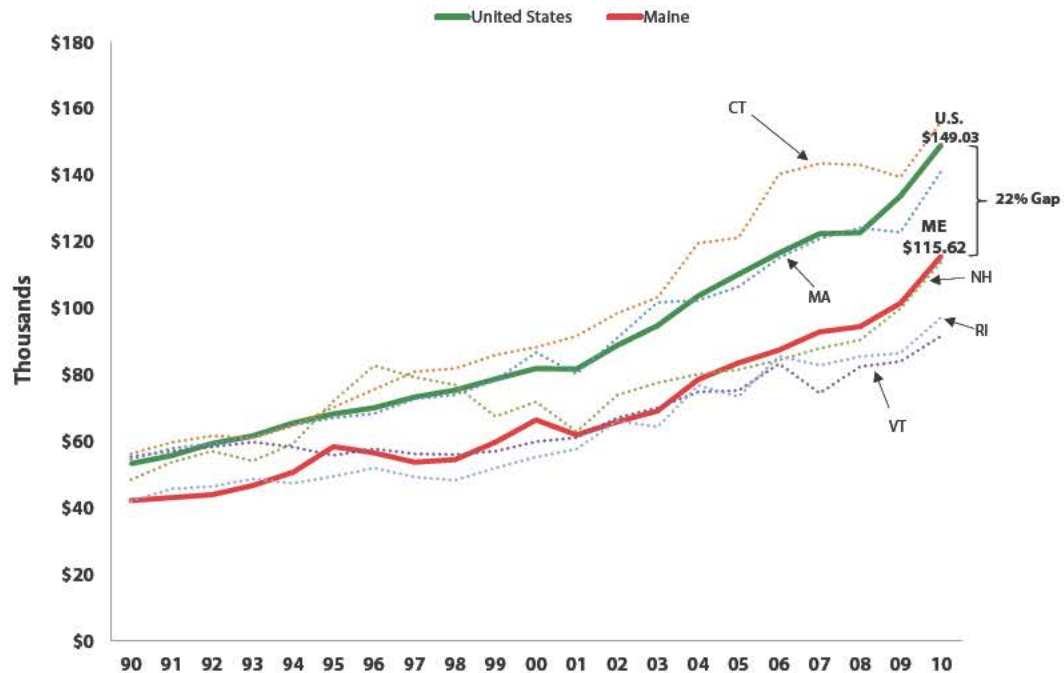




## 9. Manufacturing Productivity

**Benchmark:** The value added per manufacturing worker in Maine will increase to within 15% of the value added per manufacturing worker in the U.S. by 2015.

### Value Added per Manufacturing Worker 1990 - 2010



Source: U.S. Department of Commerce, Bureau of Economic Analysis

### Maine Manufacturing Productivity Improves to \$115,621 Per Worker but Remains 22% Below U.S. Average

The average manufacturing sector worker in Maine produced \$115,621 of product in 2010, compared to a U.S. average of \$149,026. Maine's manufacturing productivity\* increased by 13.9% over its 2009 level, while the national average increased by 11.4%. Manufacturing productivity has been trending upward in both Maine and the United States over time. The 2010 productivity gap of 22% between Maine and the nation was the smallest gap since 2000.

Maine ranked third among the six New England states in manufacturing productivity in 2010. Connecticut ranked highest, followed in order by Massachusetts, Maine, New Hampshire, Rhode Island, and Vermont.

Maine's mix of manufacturing industries and our manufacturing structure account for some of the gap with the nation. Some of the high economy of scale industries that are helping to drive productivity gains in other parts of the nation, such as the automotive industry, are largely absent in Maine. Nevertheless, improving productivity is critical to Maine manufacturers remaining competitive relative to the rest of the nation and the world at large.

The success of Maine's manufacturing industry has important implications for Maine's economy. Due in part to increasing productivity, manufacturing employment in Maine continues to decline, yet the sector still accounts for \$5.1 billion, or 11%, of the state's total Gross Domestic Product. The capital investments and improvements in worker education and training that drive productivity improvements must be expanded if Maine manufacturers are to remain competitive. Improvements in educational attainment, research and development investment, innovation, and cost structures are critical to moving this indicator in a positive direction.

**Related indicators include:** Gross Domestic Product, Employment, Research and Development Expenditures, Cost of Energy, Cost of Health Care, Wellness and Prevention

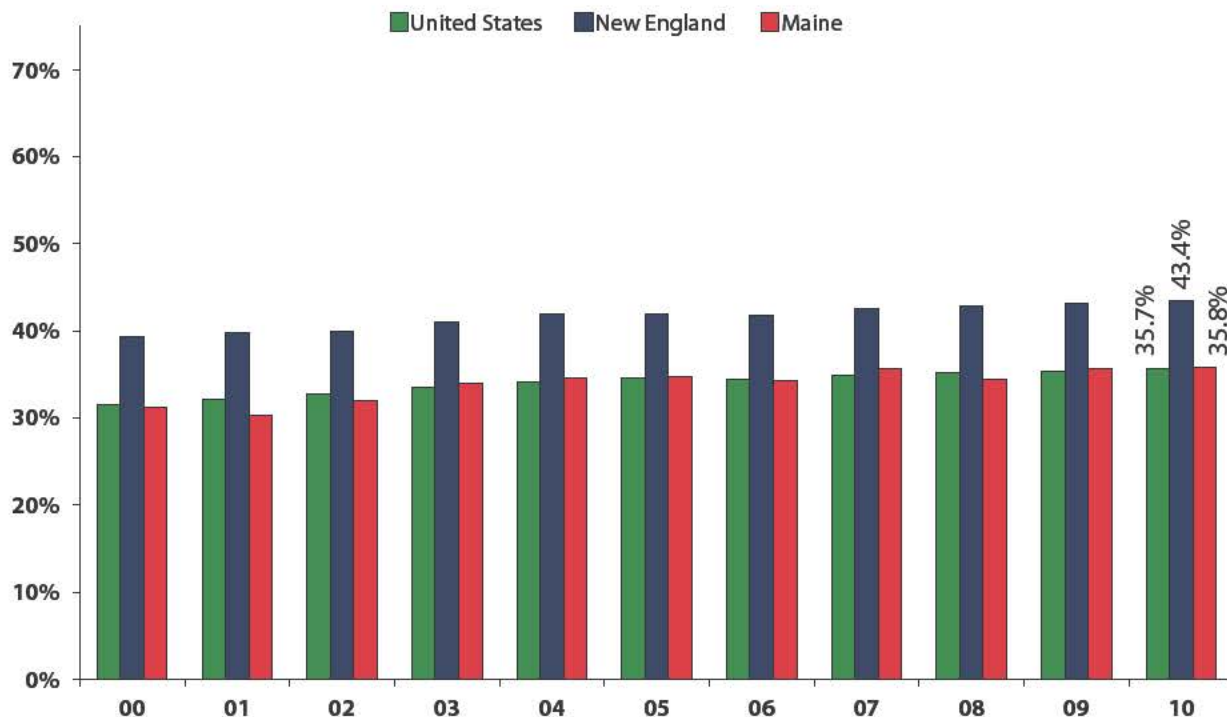
\* Productivity is calculated by dividing the total number of manufacturing employees into value added by the manufacturing sector in Maine. Value added is defined as the amount contributed by the sector to the state's Gross Domestic Product. Employment figures do not reflect all manufacturing employees, as some types of manufacturing activities are increasingly outsourced to companies in the "service sector" such as employment contractors.

## 10. Higher Degree Attainment

**Benchmark:** The percentage of Maine residents age 25 and over with a higher degree will increase to at least the New England average by 2020.



### Higher Degree Attainment Among Residents Age 25 and Over 2000 - 2010



Source: U.S. Census Bureau, American Community Survey

### Higher Degree Attainment at U.S. Average but 7.6 Percentage Points Below New England – Improvement is Critical to Moving Many Indicators

This indicator measures the percentage of residents age 25 and older who hold an Associate's, Bachelor's, or advanced degree. Maine's rate of 35.8% was essentially the same as the national average of 35.7%. Both fell below the New England average of 43.4%.

In 2010, a higher percentage of Mainers (9.0%) held Associate's degrees than in New England (7.9%) or the nation as a whole (7.6%). Maine (17.3%) and the nation (17.7%) both trailed the New England average (20.7%) for Bachelor's degrees. A smaller percentage of Maine residents over 25 have advanced degrees (9.5%) relative to the New England (14.8%) and U.S. (10.4%) averages.

Maine's improvements since 2000 have essentially kept pace with national numbers, and the state has not made any significant progress in closing the gap with New England, where we compete for labor and business investment. Maine performs well relative to the national average in high school graduation rate. Unfortunately, the number of students advancing to the next level declines with each additional educational level. According to the Mitchell Institute, in 2010, Maine's high school graduation rate was 82%. Of those, 62% went to college within a year after graduation, and 56% of first-year college students continued on to their second year. Further, according to the Mitchell Institute's College Access and Persistence in Maine, in 2009, the six-year graduation rate for the University System was 51% (national average of 55%) and the three-year graduation rate for the Community College System was 25% (national average of 21%).

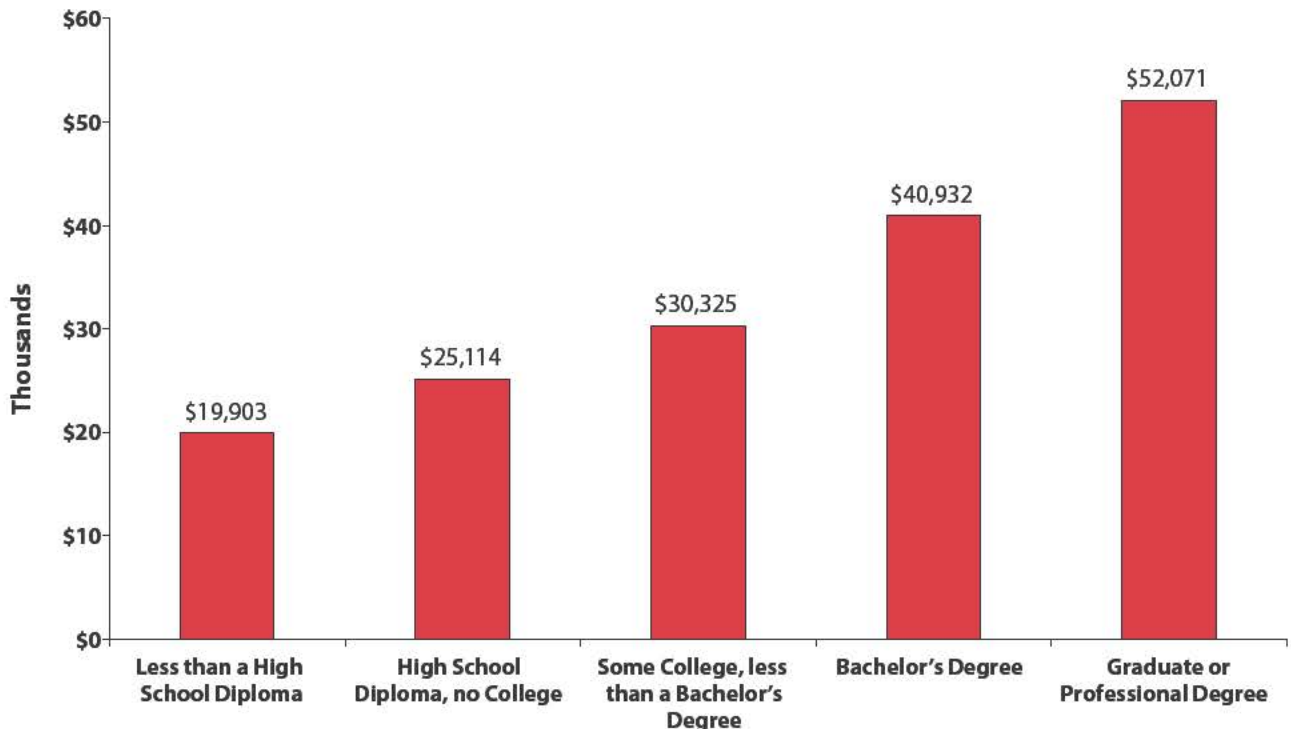
Today's knowledge-based economy requires a highly educated workforce. Education provides workers with the skills and training that enable Maine businesses to be competitive in the new economy. An educated workforce is a critical consideration for businesses looking to invest, locate, and expand in Maine.

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## 10. Higher Degree Attainment (Continued)

### 2010 Maine Median Earnings for Population Age 25 and Over by Educational Attainment



Source: U.S. Census Bureau, American Community Survey

Education level is linked to many other issues benchmarked in this report. Greater educational attainment leads to higher productivity, increased employment, better health, and increased earning potential. This, in turn, generates more tax revenue for the state to pay for needed services and investments, such as roads, broadband, and research and development. Education is the means of moving many indicators in this report.

Education is important for other reasons as well. An educated and involved citizenry is a prerequisite for a healthy, functioning democracy and civic life. Education can also improve the self-esteem and aspirations of Maine people.

Improving attainment levels requires several efforts. First, we must position people to succeed by investing in high quality early childhood development. Students need a healthy K-12 system that provides the skills needed in college and other post-secondary training options. Higher education institutions must prepare students to succeed in today's economy, and we must continue to give adults opportunities to pursue higher education throughout their lives.

There are a number of efforts in Maine working to make this happen. The Maine Children's Growth Council and the Maine Early Learning Investment Group are working to improve the early childhood system. Educate Maine works to transform the entire system. The Maine Employers' Initiative works with employers to improve skills and knowledge in the incumbent workforce, connects employers and educators with one another, and engages new populations in the Maine workforce. Other programs like the MELMAC Education Foundation and Jobs for Maine's Graduates are working to ensure that high school graduates who want to continue their education follow through with their plans.

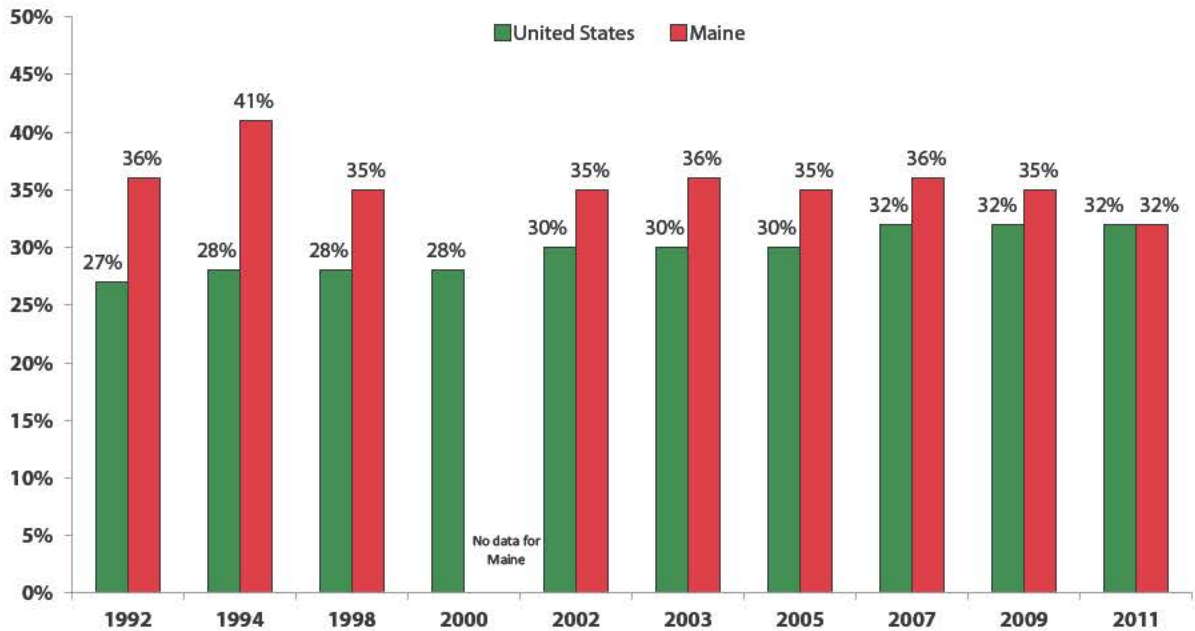
**Related indicators include:** Per Capita Personal Income, Gross Domestic Product, Employment, Multiple Job Holding, Fourth Grade Reading Scores, State and Local Tax Burden, Poverty

## 11. Fourth Grade Reading Scores

**Benchmark:** Maine's share of students scoring proficient and above will reach 50% by 2015.



### Fourth Grade Reading Scores, Share Scoring Proficient\* and Above 1992 - 2011



\*Proficient defined as competency over challenging subject matter, application to real-world situations, and appropriate analytical skills.

Source: National Center for Education Statistics, National Assessment of Education Progress (NAEP)

### Maine's Scores Drop to National Average of 32% - Starting Early Has the Greatest Return on Investment

The National Assessment of Educational Progress (NAEP) is: "the largest nationally representative and continuing assessment of what America's students know and can do in various subject areas." Reading is one of those areas. NAEP assessments are administered uniformly nationwide, allowing for state to state comparisons and for analysis of long-term trends. The NAEP assesses students at critical periods of development and learning: grades 4, 8, and 12.

Reading is an indispensable key to future success in school, in the workforce, and in life. Fourth grade is when reading should be established as a skill, so that students are transitioning from skill-building to skill-using or from "learning to read" to "reading to learn." This is a predictor of future student success and public costs (special education, productivity, criminal justice, etc.) as well as a measure of the effectiveness of previous investments (early childhood development, pre-K, Head Start, etc.).

Maine is unfortunately trending downward on this indicator and has declined to the national average. Data shows a correlation with poverty rates and scores. Maine's rising poverty rate among young kids is problematic for this indicator.

Approximately 85% of the core brain structure is formed by age three. Research shows that investment in high quality early childhood education (like Educare Central Maine and Head Start) yields a high return on investment over the long term: improved K-12 performance, higher college attendance and completion, higher productivity, better incomes, and avoided social costs (criminal, welfare, educational remediation).

Ultimately, positive movement on many other economic indicators starts with kids having the tools to become productive members of society. While school cannot compensate for all societal factors, it is definitely one of the main places where skills like reading are honed and enhanced, and it is one of the largest components of the state budget and the largest for municipal budgets.

**Related indicators include:** Per Capita Personal Income, Employment, Manufacturing Productivity, Higher Degree Attainment, Wellness and Prevention

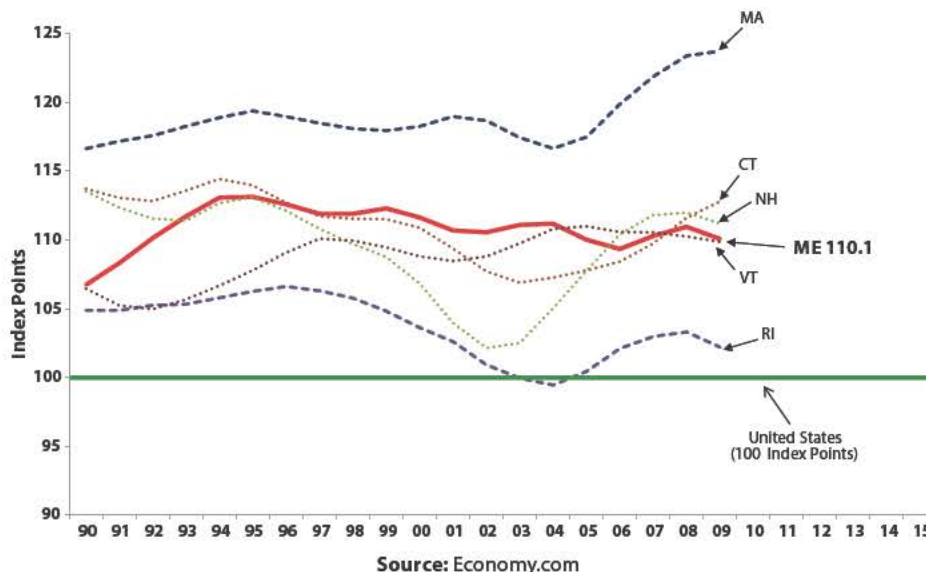




## 12. Cost of Doing Business

**Benchmark:** The cost of doing business in Maine will decrease to the U.S. average by 2015.

### Cost of Doing Business 1990 - 2009



### Maine's Cost of Doing Business Ranks 8th at 110.1% of National Average

Maine's cost of doing business\* has remained essentially flat relative to the national average since 2007. In 2009, Maine's cost of doing business was 10.1% higher than the national average, which ranked the state 8th in the Economy.com index. New England as a whole has a higher cost of doing business than other regions.

The index is a weighted scale of labor costs (wages, benefits, and productivity), energy costs (industrial and commercial electricity), and tax burden (state and local). For Maine, labor costs are weighted at 73%, energy costs at 17%, and taxes at 10%. Regulatory environment is captured in part by the tax index.

#### New England Ranks by Indexes, 2009

	Overall Rank	Unit Labor Rank	Cost of Energy Rank	Tax Burden Rank
MA	1	1	3	19
CT	4	24	2	8
NH	7	7	4	45
<b>ME</b>	<b>8</b>	<b>25</b>	<b>10</b>	<b>4</b>
VT	10	5	11	7
RI	14	39	6	9

Several factors affect Maine's ranking. A high reliance on oil and oil products as an energy source leaves us particularly vulnerable to price spikes in this market. Maine's relatively low unit labor cost helps lower our cost of doing business but also means lower incomes for Maine people. While Maine's tax burden remains above the national average, Maine has made progress in lowering the burden in recent years.

The relative cost of doing business is important to a region's economy. Cost of doing business impacts the ability of companies to make a profit, and is an important consideration for businesses looking to locate or expand in the state. Getting Maine's cost structures in line and investing in the state's workforce and infrastructure can help Maine businesses succeed in the larger economy.

#### Cost of Doing Business National Rankings Maine 1995 - 2009

	95	96	97	98	99	00	01	02	03	04	05	06	07	08	09
Economy.com	5	7	5	4	4	4	4	5	5	5	7	9	9	8	8

**Related indicators include:** Per Capita Personal Income, Cost of Energy, State and Local Tax Burden

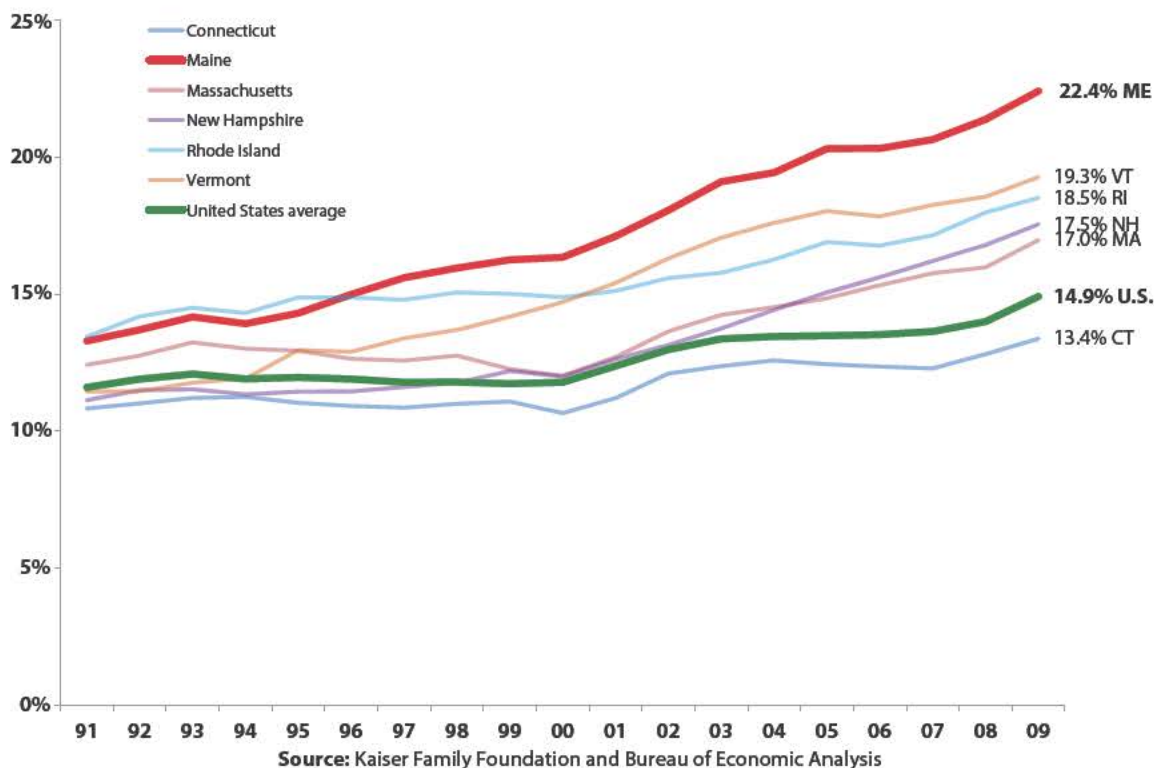
\*Revisions to the underlying source data, most notably the Bureau of Economic Analysis' annual revisions to gross domestic and metropolitan product estimates, account for the changes to Economy.com's data for past years.

## 13. Cost of Health Care

**Benchmark:** Maine health care costs as a percent of GDP will decline to U.S. average by 2015.



### Total Health Care Expenditures as a Percent of GDP 1991 - 2009



### Maine Health Care Costs Account for 22.4% of GDP Exceeding U.S. Average and All New England States

Data on health care expenditures as a percentage of Gross Domestic Product (GDP) is available for the first time since 2004. The graph depicts the increases over time in health care expenditures as a percentage of GDP for Maine, the other New England states, and the U.S. average from 1991 to 2009.

In 1991, health care expenditures accounted for 13.3% of Maine's GDP. The percentages for the other New England states ranged from Connecticut's 10.8% to Rhode Island's 13.4%, and the U.S. average was 11.6%. Beginning in the mid-1990s, health care costs began to consume a much larger percentage of GDP in Maine than in the other New England states and the U.S. as a whole. By 2009, health care expenditures accounted for 22.4% of GDP in Maine, 19.3% in Vermont, 18.5% in Rhode Island, 17.5% in New Hampshire, 17.0% in Massachusetts, and 13.4% in Connecticut. The U.S. average in 2009 was 14.9%.

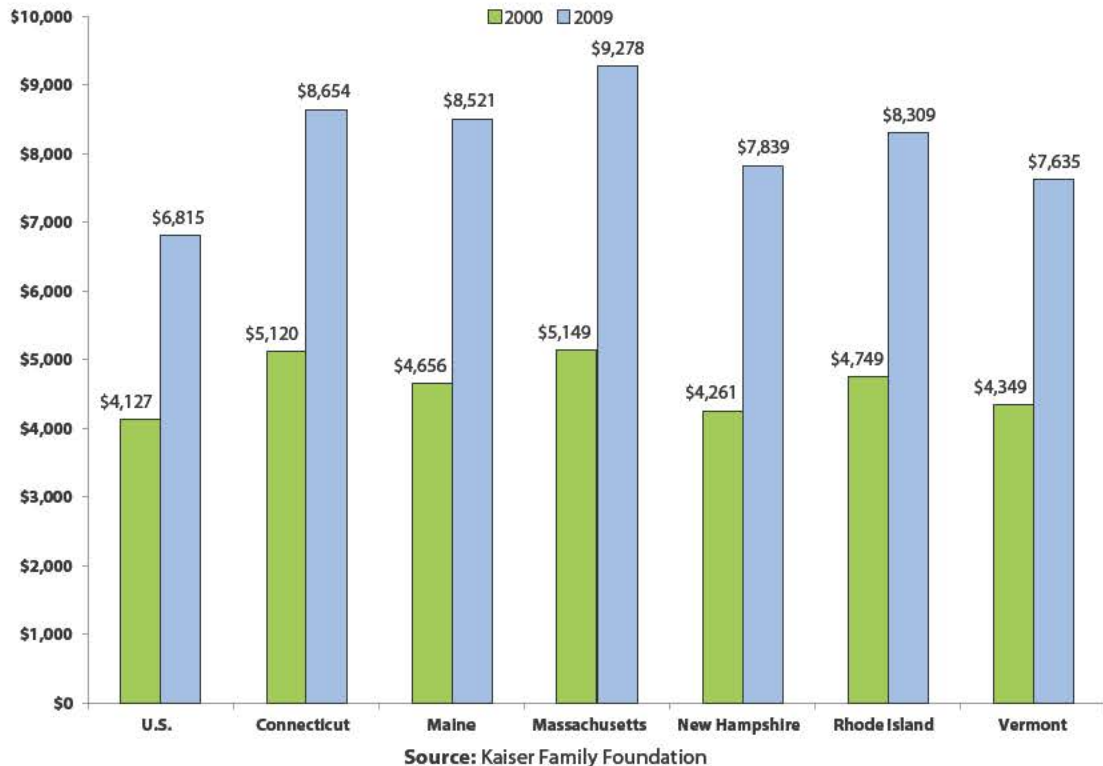
Per capita expenditure data shows the high cost of health care in New England relative to the U.S. average. U.S. average per capita health care expenditures increased from \$4,127 in 2000 to \$6,815 in 2009 (65%). Maine's rate increased from \$4,656 to \$8,521 (83%) over the same time. Per capita expenditures grew by at least 69% in all of the other New England states as well.

Maine's situation is attributable to both relatively high health care costs and a relatively smaller economy. In 2009, Massachusetts (\$9,278) and Connecticut (\$8,654) both had higher per capita expenditures than Maine. However, health care expenditures accounted for a much higher share of GDP in Maine (22.4%) than in either of these states (17.0% in Massachusetts and 13.4% in Connecticut) due to their much larger economies.

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## 13. Cost of Health Care (Continued)

### Per Capita Health Care Expenditures 2000 and 2009



High costs limit access to health care, affecting the overall health and productivity of Maine's people, disrupting families and communities, interrupting work and education, and detracting from quality of life. As the data shows, Maine's health care costs have been rising steadily, imposing a growing and disproportionate burden on Maine's people, businesses, and government. Maine businesses identified the high cost of health care as the top obstacle to investment in a 2010 Maine Development Foundation survey ([www.mdf.org](http://www.mdf.org)).

Costly treatments and an aging population play a part in the high costs of medical care. Maine's adult rates of obesity and overweight increase the prevalence of preventable illnesses. The distribution of medical care and variations in the quality and cost of medical care (according to the Maine Health Data Organization, identical procedures may vary in cost by over 200% depending on the provider) also play a role.

There are a number of ways to rein in growing health care costs. Better information can help health care consumers make more informed choices about their care. Improved efficiency in the delivery of health care services can lower costs. Efforts to improve the overall health and wellness of Maine's people can reduce the need for medical care. These and other policies to address the high cost of health care are critical to Maine's economy.

**Related indicators include:** Gross Domestic Product, Cost of Doing Business, Wellness and Prevention

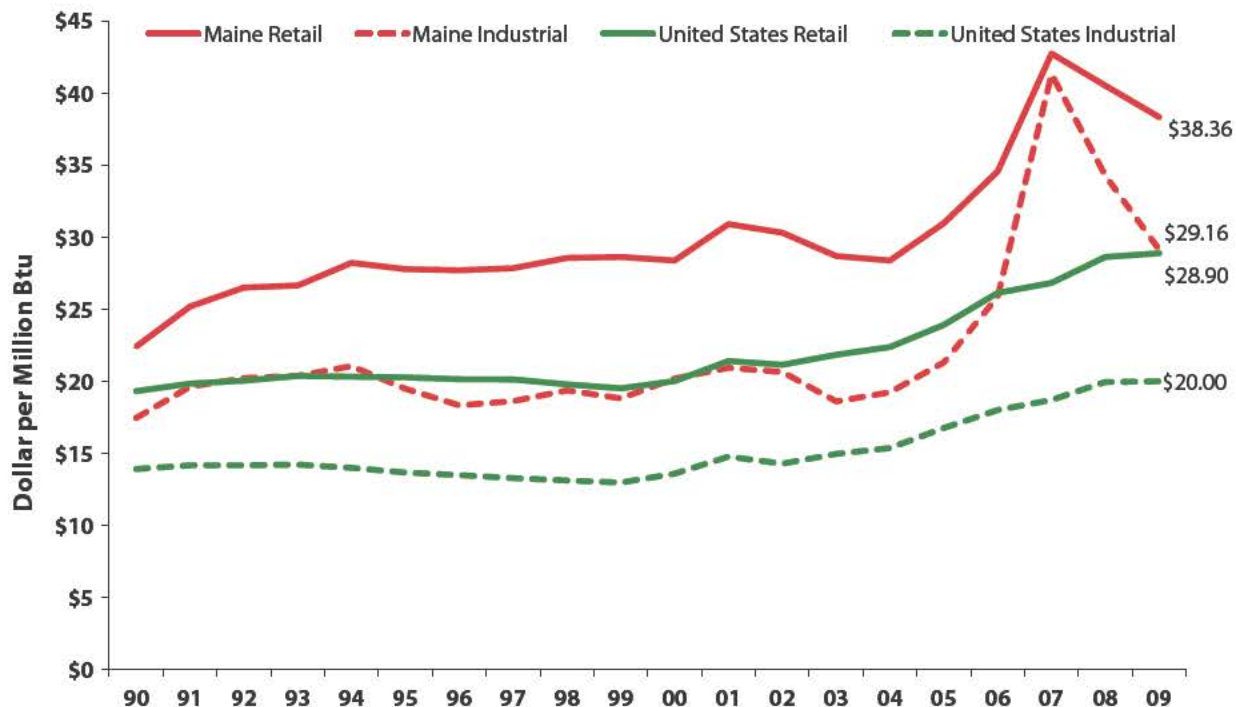


## 14. Cost of Energy

**Benchmark:** The cost of electricity in Maine will decrease to the U.S. average by 2015.



### Retail (all sectors) and Industrial Electricity Price Maine and U.S. 1990 - 2009



Source: Energy Information Administration

### Maine Retail and Industrial Electricity Prices Drop but Remain Higher Than U.S. Average - State Needs to Improve Efficiency and Continue to Diversify the Energy Mix

In an effort to illustrate energy price pressure felt by Maine's largest consumers, the Council added industrial electricity price comparisons to overall prices for the first time this year. Both categories continued to drop from 2008 to 2009, with the retail price per British Thermal Unit (Btu) declining by \$2.18 and the industrial price by \$5.14.

The 2007 peak in Maine's industrial prices, in particular, was due in large part to a spike in the price of natural gas. Similarly, the decline in natural gas prices over the next two years helped to bring prices down. However, Maine's energy prices remain well above the national average and the cost of energy is a concern for Maine's people and businesses. The gap between Maine's retail electricity prices and the nation's widened from \$3.10 in 1990 to \$9.46 in 2009, and the industrial price gap widened from \$3.54 to \$9.16 over the same period.

High energy costs are a challenge throughout the New England region. Maine ranked 10th, and no New England state ranked lower than 11th, for highest energy costs in the 2009 Cost of Doing Business indicator. Maine's residential rates can be approximately 25% higher than Hydro-Quebec residential rates that are driven in part by large-scale hydroelectric, coal burning, and nuclear generation.

Businesses, particularly manufacturers, weigh the cost of energy heavily when making location and expansion decisions. In the Maine Development Foundation's 2010 Making Maine Work survey ([www.mdf.org](http://www.mdf.org)), 78% of Maine's business leaders surveyed listed the cost of energy as the second strongest negative impact on businesses and organizations.

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## 14. Cost of Energy (Continued)

While the costs of oil and oil products do not vary greatly across the nation, Maine's usage is high. The U.S. Census reports that 70% of Maine homes heat with oil (national average 6.5%). The Maine Department of Transportation reports that 95% of passenger movement in Maine happens by road (national average 80%). A September 2011 TRIP report found that 81% of the commodities delivered annually from sites in Maine is transported by truck on the state's highways.

This dependence on oil and natural gas makes the state particularly vulnerable to petroleum price volatility and changing world politics. There is little that Maine can do to affect the world oil market, but becoming less dependent upon oil would give Maine more control over our energy supply and price.

Increased energy efficiency can reduce overall energy use. The Efficiency Maine Trust has had success helping businesses implement efficiency measures to reduce their energy use, and there is additional potential in this area, particularly with large industrial and commercial customers. Diversifying the mix of energy sources will make Maine less reliant on any single source. With its primary sources within North America, natural gas offers more stability than oil. In addition, recent growth in the pellet, wind, tidal, and bio-fuel industries in Maine are promising options to diversify the energy mix.

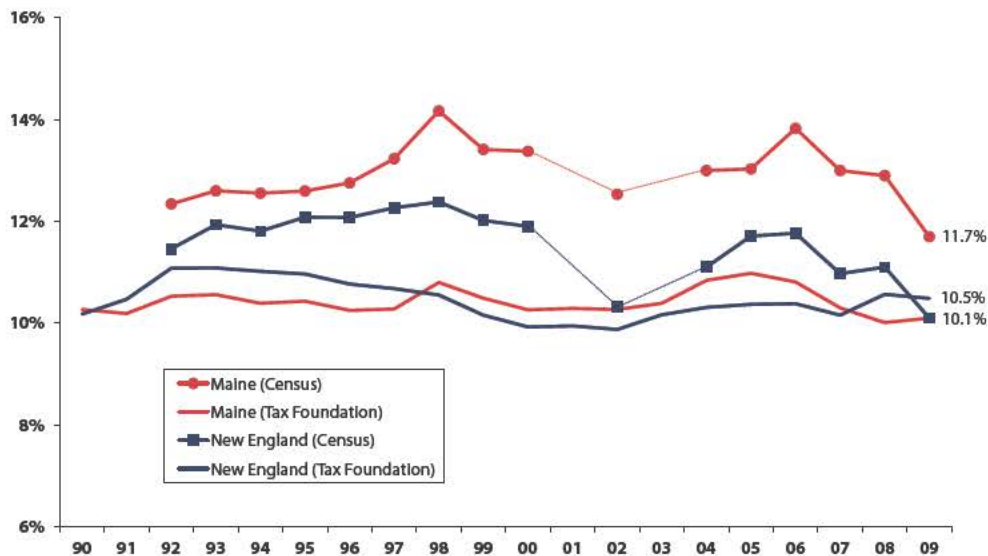
**Related indicators include:** Manufacturing Productivity, Cost of Doing Business

## 15. State and Local Tax Burden

**Benchmark:** Maine's tax burden will decline and move to the New England average each year through 2015.



### State and Local Taxes as a Percent of Income 1990 - 2009



Source: U.S. Census Bureau and Tax Foundation

### Maine's State and Local Tax Burden Declines by 1.2 Percentage Points According to U.S. Census and Drops Below New England Average by Tax Foundation Estimates

Tax burden measures the amount of state and local taxes a taxpayer pays for every \$100 of income, reported as a percent. According to U.S. Census data, Maine's total state and local tax burden dropped from 12.9% in 2008 to 11.7% in 2009. This closely followed the drop in New England's average from 11.1% to 10.1%. According to the Tax Foundation, which uses a different methodology\*, Maine's burden (10.0%) dropped below the New England average (10.6%) in 2008 and remained there in 2009 (10.1% versus 10.5%).

Taxes and the tax structure are a cost factor for businesses and impact the amount of income that residents have to spend in the larger economy. They also generate revenue that pays for services, such as education and transportation, which are valued by businesses and residents alike. A tax rate and structure that enable Maine to both compete economically and finance needed services is critical.

According to Census data for 2009, Maine ranked 6th in tax burden at 11.7%. The Tax Foundation's estimates placed Maine 9th at 10.1%. The tax burden can be lowered by reducing spending, increasing incomes, or a combination of the two.

Based on 2009 Census data, Maine's per capita state and local taxes were \$4,287, ranking 15th nationally. The Tax Foundation's estimate of \$3,832 ranked Maine 23rd. According to both sources, Maine's per capita taxes and ranking were below every New England state except New Hampshire.

Government spending is another important factor in the tax burden equation. The ability of the government to provide services is complicated by the fact that the cost of health care, energy, and education (see these indicators in this report) continue to rise faster than incomes and, in turn, tax revenue. Efforts to streamline service delivery are one strategy to address a growing structural budget gap. Maine's recent progress toward the benchmark is due in part to policymakers not raising taxes to address recent budget shortfalls. Continued efforts to improve the educational attainment and productivity of Maine people can also affect this benchmark.

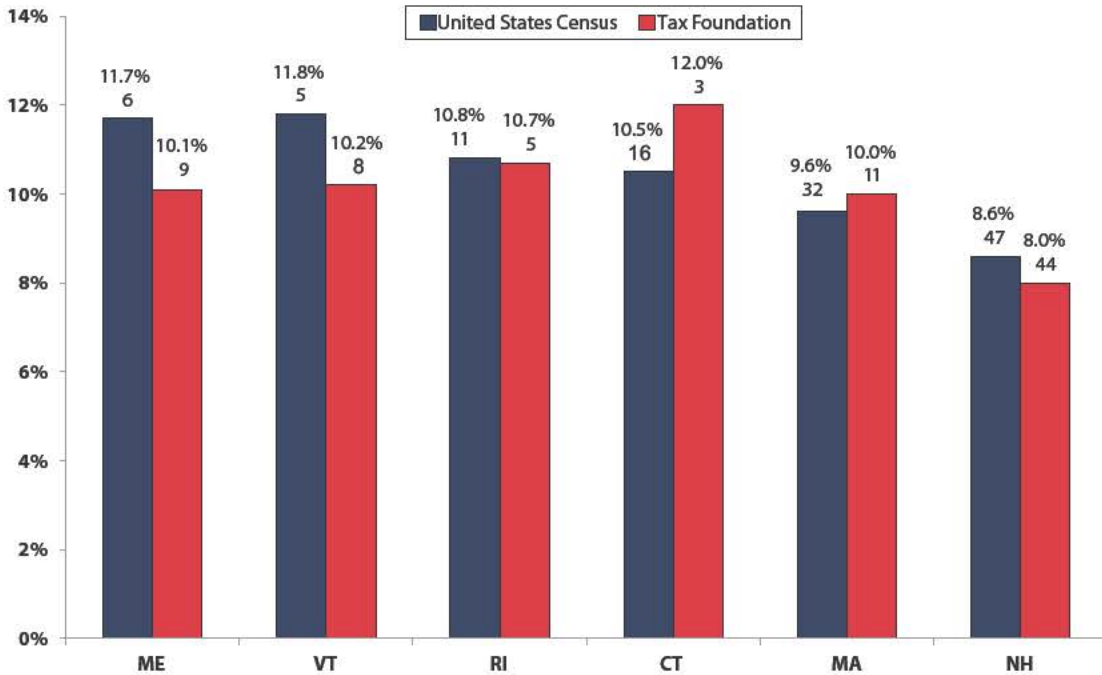
\*Census estimates are calculated by dividing total in-state taxes by total in-state income. The Tax Foundation makes adjustments to those numbers to account for a state's effort to "export" taxes. For Maine, the majority of exportation happens with out-of-state homeowners who pay in-state property taxes for second homes.

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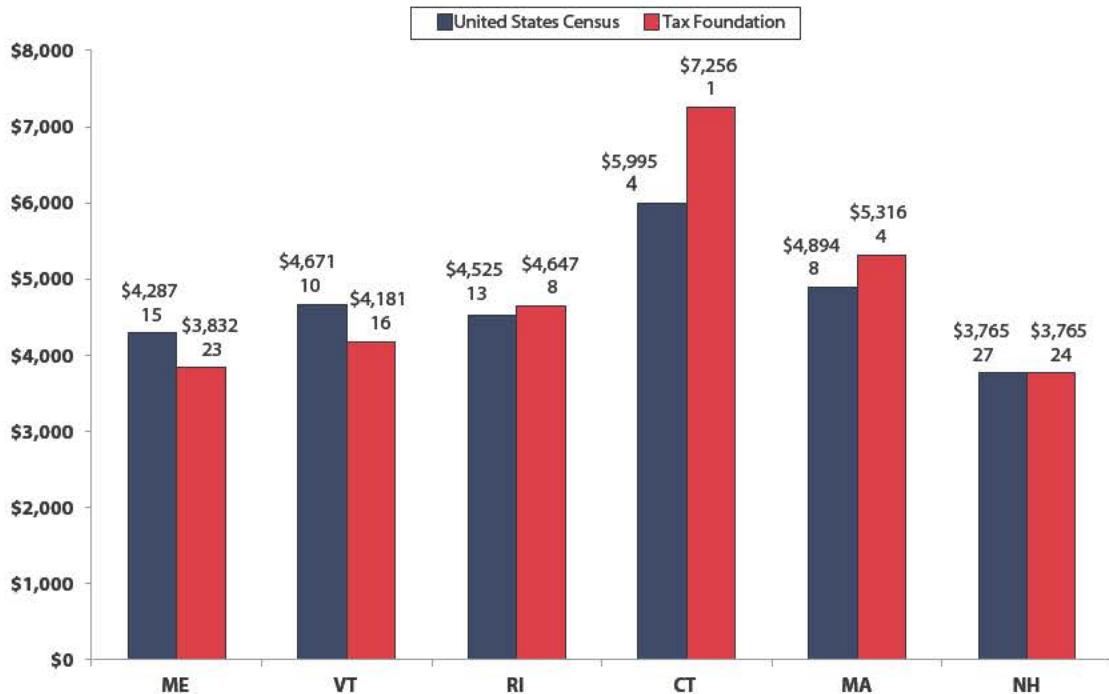
## 15. State and Local Tax Burden (Continued)

### State & Local Tax Burden and National Ranking 2009



Source: U.S. Census Bureau and Tax Foundation

### Per Capita State & Local Taxes and National Ranking 2009



Source: U.S. Census Bureau and Tax Foundation

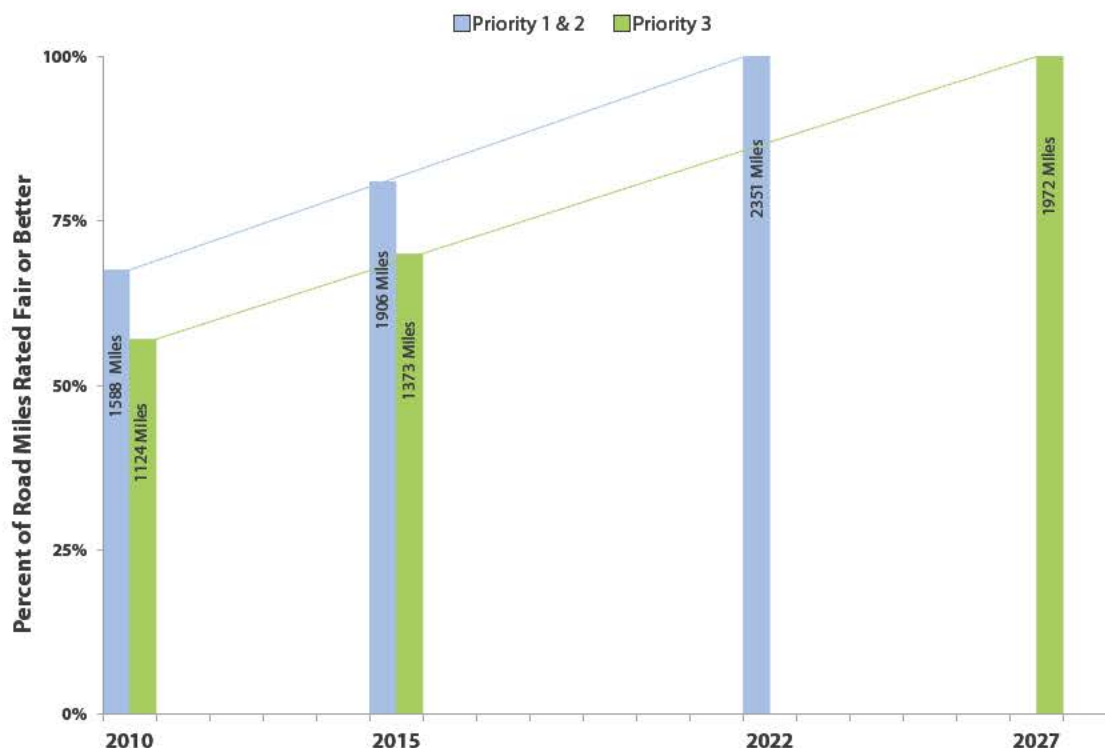
**Related indicators include:** Per Capita Personal Income, Higher Degree Attainment, Fourth Grade Reading Scores, Cost of Doing Business

## 16. Transportation Infrastructure

**Benchmark:** 81% of Priority 1 & 2 roads and 70% of Priority 3 roads will meet a rating of fair or better by 2015.



### Maine Priority Road Performance 2010 - 2027



Source: Maine Department of Transportation

### Substantial Investment Needed to Meet Highway Improvement Goals

In past reports, the Growth Council tracked Maine's Roadway Deficiency Index, a composite chart that measured the percentages of pavement in poor condition, structurally deficient bridges, and road mileage with lanes narrower than 11 feet (an indicator of a substandard road) and compared Maine's rating to the New England average. The chart was calculated using data from the Federal Highway Administration. The last available data for the pavement condition and narrow lanes is 2008.

Therefore, the Council has begun tracking Maine's management of and investment in the state's highway system based on Highway Corridor Priorities (HCP) and Customer Service Levels (CSL). Currently, all state roads are given a priority ranking from 1 to 6 based on federal functional classification, regional economic significance, heavy haul truck use, and relative regional traffic volumes. The Customer Service Levels are determined by road and bridge safety, condition, and service factors. These ratings measure current highway and bridge performance and assist with prioritizing capital work plans.

All state roads are scored with a CSL rank of excellent, good, fair, poor or unacceptable. The Council is focusing on Priority 1, 2, and 3 roads because these roads represent 19% of all public ways, but carry 70% of all traffic in the state. These roads are the primary links of Maine's economy and carry the majority of all passenger and freight transportation, while lower priority roads primarily serve local traffic. A September 2011 TRIP report found that 81% of the commodities delivered annually from sites in Maine is transported by trucks on the state's highways.

The state goal is to have all priority 1 and 2 roads meet a fair or better rating for safety, condition, and service by 2022, and for all priority 3 roads to meet this standard by 2027. The Growth Council has adopted benchmarks for 2015

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## 16. Transportation Infrastructure (Continued)

consistent with these goals. Currently, 68% (1,588 miles out of 2,351 total miles) of priority 1 and 2 roads score fair or better for safety, condition, and service. The Council's benchmark is that 81%, or, 1,906, priority 1 and 2 miles, meet this standard by 2015, meaning that 318 road miles must be improved over the next three years. The Council's benchmark for priority 3 roads is that 70% meet the fair or better standard by 2015. Currently, 57% of priority 3 roads meet the standard; meeting the benchmark requires the improvement of 249 miles.

An additional \$150 million annually would need to be added to current capital funding to meet all state goals for the state highway and bridge network. This shortfall occurs primarily within priority 1, 2, and 3 roads. The goal for priority 4 roads is limited to providing a ride quality of fair or better. The goal for priority 5 roads is met if the state continues to fund 600 miles of maintenance paving per year. Priority 1, 2, and 3 roads need more intensive pavement treatments, an increase in highway reconstruction of two to three times current levels, and a continuation of current efforts to reduce the relatively large inventory of bridges needing repair or replacement.

Economic conditions, the repeal of motor fuel tax indexing, and improved vehicle fuel efficiency (which translates into lower revenues from gasoline taxes) undermine Maine's Highway Fund. Maine will have to reconcile the shortcomings of the existing funding regime and decide whether to meet the state's highway investment goals through user fees, general fund revenues, or a combination of the two.

**Related indicators include:** Cost of Doing Business, Cost of Energy, State and Local Tax Burden

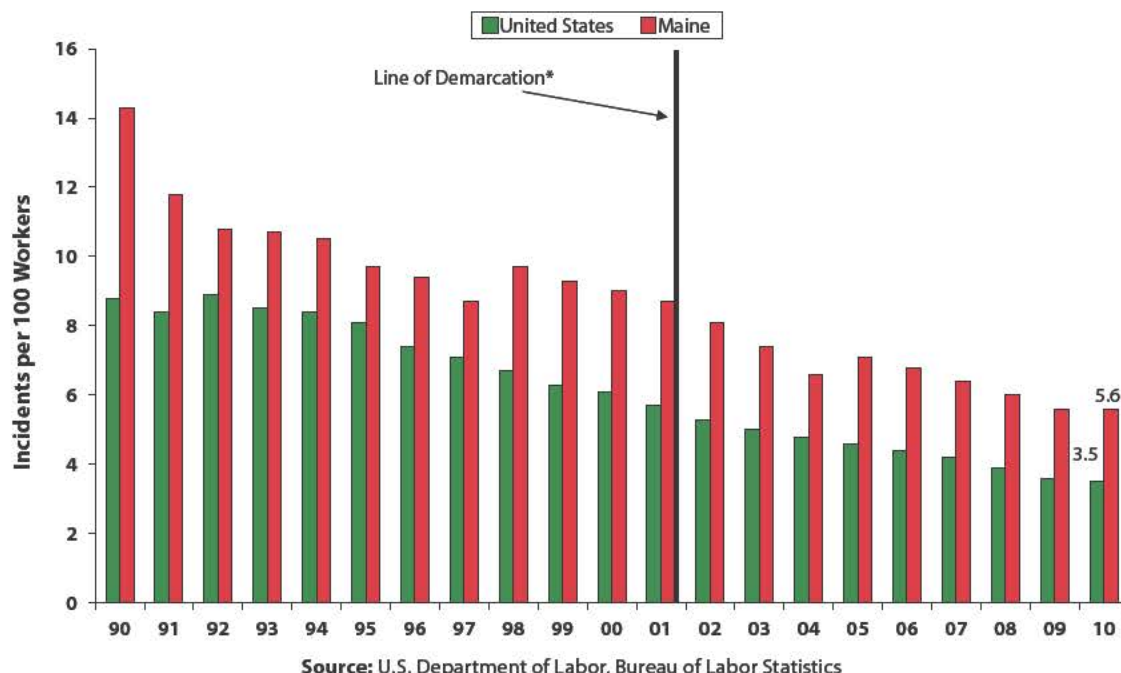


## 17. On-the-Job Injuries and Illnesses (Reported)

**Benchmark:** Maine's reported on-the-job injury and illness rate will get closer to the U.S. rate each year through 2015.



### On-the-Job Injuries and Illnesses (Reported) 1990 - 2010



### Maine Rate\*\* Remains at 5.6 Per 100 Workers While U.S. Rate Drops

In 2010, there were 5.6 reported injuries and illnesses for every 100 full-time industrial workers in Maine, the same number as 2009. The U.S. rate dropped from 3.6 to 3.5 incidents per 100 over the same time period. Maine has made progress over the years in closing the gap with U.S. incidence rates. The incident gap was 5.5 per 100 workers in 1990 and 2.1 per 100 workers in 2010.

Maine's higher than average incidence rate of on-the-job injuries and illnesses speaks, in part, to the state's industry mix. Historically, the relatively hazardous working environments found in many manufacturing industries contributed to Maine's higher-than-average incidence rate. The declining rate is due in part to the shrinking of manufacturing over time and the institution of workplace safety programs throughout Maine.

Workplace safety is an important component of Maine's current economy and of long-term economic growth. On-the-job injuries and illnesses negatively affect the vitality of the workplace and the larger community. They limit an individual's ability to contribute to the state's economy and a business' ability to compete. Reducing the incidence of on-the-job injuries and illnesses lowers health costs, increases productivity, and ultimately increases economic growth.

The data used for this indicator includes all types of work-related injuries and illnesses required to be recorded by the Occupational Safety and Health Administration (OSHA), which defines an injury or an illness as an abnormal condition or disorder. Injuries include, but are not limited to, cuts, fractures, sprains, or amputations. Illnesses include both acute and chronic illnesses, including, but not limited to, skin disease, respiratory disorder, or poisoning. While workplace injuries and illnesses may still go unreported, many Maine employers have taken steps that emphasize safety and the reporting of injuries.

**Related indicators include:** Gross Domestic Product, Manufacturing Productivity, Cost of Health Care, Wellness and Prevention

\*Effective January 1, 2002, OSHA revised its requirements for recording occupational injuries and illnesses. Details about the revised requirements, including a summary of the revisions and a comparison between the old and new requirements, are available from the OSHA web site at <http://www.osha.gov/recordkeeping/ppt1/ppt1script.html>.

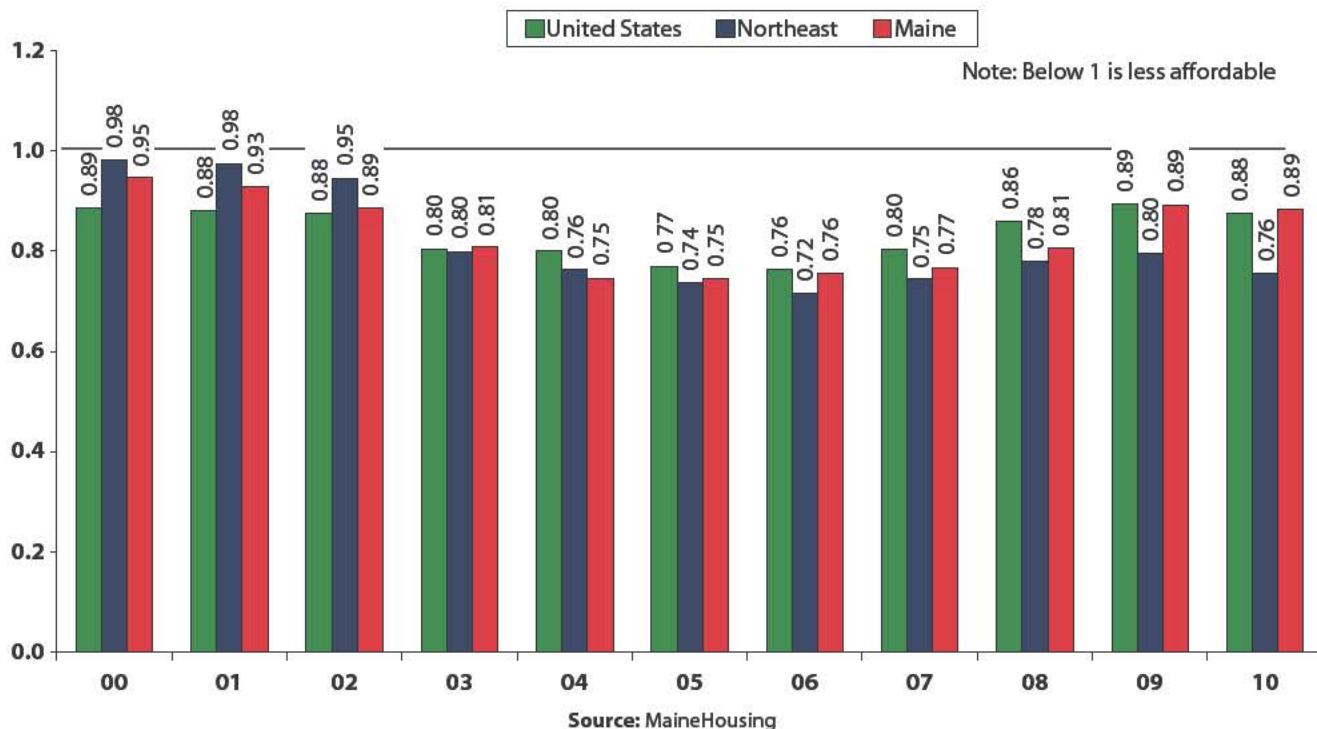
\*\*OSHA recordable incident rate for the State of Maine for public and private sector establishments.



## 18. Affordable Housing

**Benchmark:** The housing affordability index in Maine will reach 1 by 2015.

### Maine's Housing Affordability Index by Year (weighted owner/renter) 2000 - 2010



### Maine Housing Affordability Remains Level at 0.89 While Geographic Differences Remain

The index used here is the weighted average of MaineHousing's homeownership affordability index\* and rental affordability index\*\*, with the weighting based on the relative numbers of homeowner and rental households. In the graph above, a higher index (above 1) means that housing is more affordable, and a lower index (below 1) means that housing is less affordable.

Housing affordability in Maine stayed the same from 2009 to 2010, whereas it declined slightly in the region and the nation. Housing affordability in the United States as a whole returned to 2000 levels. Housing in Maine and the Northeast is less affordable than it was in 2000.

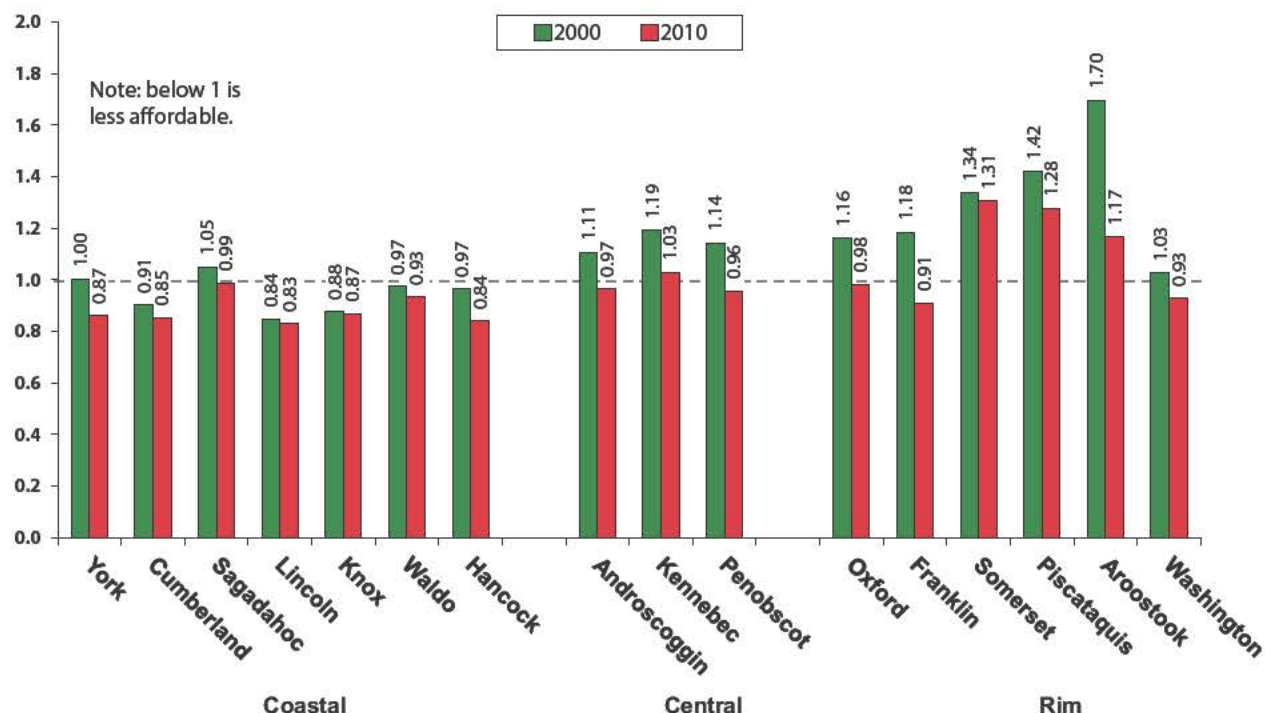
The affordability of housing has a number of significant societal impacts. High housing costs require people to devote a higher percentage of their incomes to rent or mortgage payments, leaving less money to spend on other goods and services. Housing affordability also affects the development patterns noted in the Population of Service Center Communities indicator. In many of Maine's employment centers, high housing costs make it difficult for people to afford to live in the same communities in which they work. The resulting long commutes and sprawling development impose additional costs on the individual and society, including maintenance of transportation infrastructure, energy costs, and community infrastructure like schools.

The most recent recession has affected both housing prices and incomes, further influencing the housing situation. With both home values and incomes falling, Maine's delinquent mortgage rates climbed during this period, although they remained below national levels.

*(continued on next page)*

## 18. Affordable Housing (Continued)

### Maine's Housing Affordability Index by County (weighted average) 2000 vs. 2010



Source: MaineHousing

The county graph, which compares homeowner/renter affordability for each of Maine's counties in 2000 and 2010, provides additional insights into the affordability of housing in Maine. In every Maine county, housing was less affordable in 2010 than it was in 2000. In 2000, 11 counties were considered to have affordable housing, defined as an index at or above 1.0. In 2010, only Kennebec, Aroostook, Piscataquis, and Somerset reached that mark. In both 2000 and 2010, the central and rim counties offered the most affordable housing, while the coastal counties were less affordable.

**Related indicators include:** Per Capita Personal Income, Transportation Infrastructure, Population of Service Center Communities

\*The homeownership affordability index is the ratio of the home price that a Maine household at median income can afford to the actual median home price. A home price is considered to be affordable if no more than 28% of monthly gross income is needed to cover payment on a 30-year mortgage with a 5% down payment (including taxes, homeowners insurance, and private mortgage insurance).

\*\*The rental affordability index is the ratio of the rent that a Maine renter household with median renter household income can afford to the actual average rent for a two-bedroom apartment, including utilities. A rental is considered to be affordable if no more than 30% of gross monthly income is needed to cover the rent. In this index, median rental household income is used rather than median household income generally, because typically the median income of renter households is 25 to 35% less than households overall.

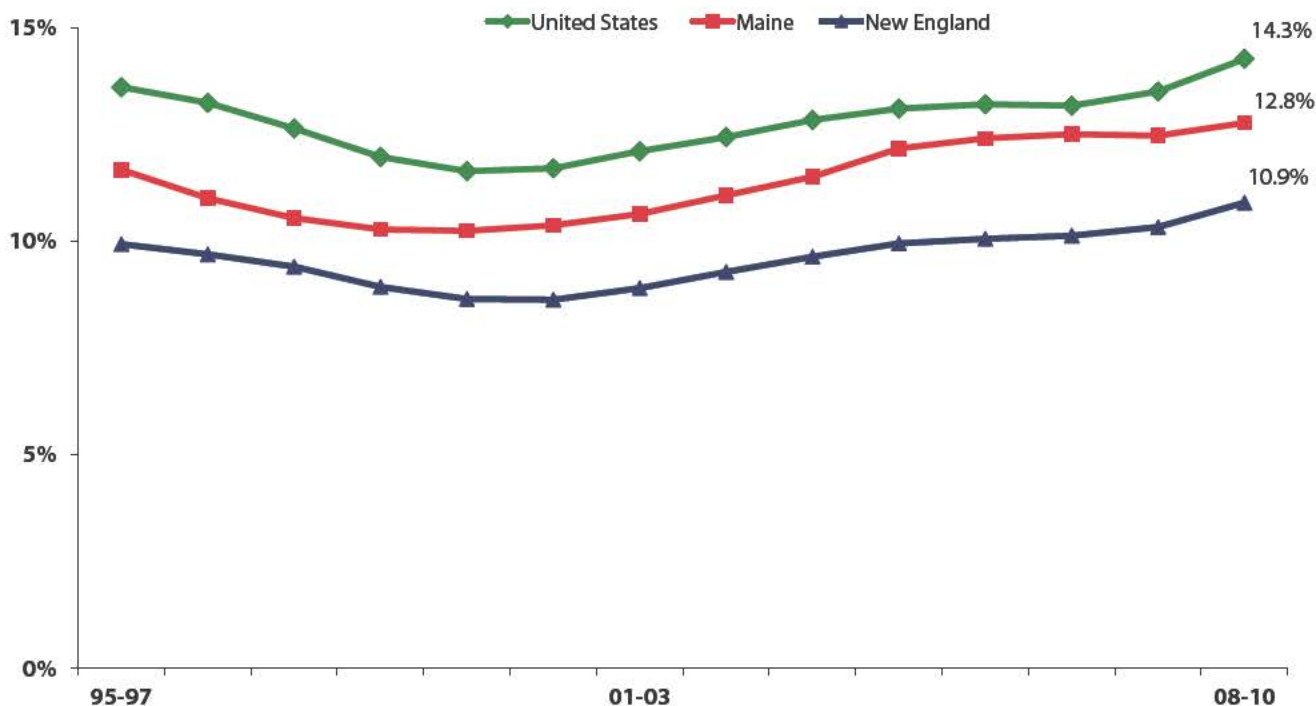




## 19. Poverty

**Benchmark:** Maine's poverty rate will decline and remain below the U.S. through 2015.

### Poverty Rates 1997 - 2010 3-Year Moving Average



Source: U.S. Census Bureau Small Area Income & Poverty Estimates

### Maine Poverty Rate Stays Below U.S. Average but Increases to 12.8% Overall, 23.5% for Children Under 5, and 18.2% for Children Under 18

In 2010, Maine's three-year moving average poverty rate was 12.8%, up from 12.5% in 2009. Since 1995, Maine's poverty rate has remained below the national rate and above the New England rate. The data indicates that the issue of poverty in Maine is very real and, in light of the most recent recession, will remain a concern for the foreseeable future.

It is widely believed that the traditional 100% poverty rate underestimates the total number of people having trouble making ends meet. According to the U.S. Department of Health and Human Services, in 2010, a person in Maine living in poverty earned less than \$10,890. Policymakers and program administrators frequently use 200% of poverty (double the income level) to measure the number of people in need and to determine eligibility for aid. In 2010, approximately one out of every three people in Maine (33.0%) and the nation (34.3%) lived below 200% of the federal poverty level. In Maine, this translated into 426,640 individuals.

Poverty within Maine varies widely from county to county. Poverty rates are higher in the rural counties in the west, north, and east than in Maine's southern and service center counties. Washington County had the highest rate at 19.4%, and York and Cumberland counties the lowest at 10.3%.

Another issue of concern is the poverty rate for Maine children. The poverty rate for children under 5 has grown from 17.5% in 2000 to 23.5% in 2010 and the poverty rate for children under 18 grew from 12.9% to 18.2% over the same time. The 2010 rates represented highs in both categories but remained below national rates, which have also grown steadily. According to the Kids Count Data Center, 41% of Maine's children under the age of 18, or 110,000 children, were below 200% of the poverty level.

*(continued on next page)*

## 19. Poverty (Continued)

Poverty Rate Children Under Age 18		
	Maine	U.S.
2000	12.9%	16.2%
2001	12.8%	16.3%
2002	14.2%	16.7%
2003	14.3%	17.6%
2004	14.3%	17.8%
2005	16.7%	18.5%
2006	16.9%	18.3%
2007	15.7%	18.0%
2008	16.5%	18.2%
2009	17.5%	20.0%
2010	18.2%	21.6%

Poverty Rate Children Under Age 5		
	Maine	U.S.
2000	17.5%	18.7%
2001	16.2%	18.6%
2002	18.2%	19.0%
2003	18.8%	20.3%
2004	18.4%	20.5%
2005	20.0%	21.3%
2006	21.4%	21.0%
2007	19.4%	20.8%
2008	21.8%	21.2%
2009	21.4%	23.2%
2010	23.5%	25.0%

2010 Poverty Rate by Maine County	
County	Poverty Rate
<b>Coastal Counties</b>	
York	10.3%
Cumberland	10.3%
Sagadahoc	10.5%
Lincoln	12.7%
Knox	13.7%
Waldo	15.6%
Hancock	14.0%
<b>Central Counties</b>	
Androscoggin	14.6%
Kennebec	11.7%
Penobscot	16.0%
<b>Rim Counties</b>	
Oxford	15.0%
Franklin	15.6%
Somerset	18.6%
Piscataquis	16.6%
Aroostook	14.0%
Washington	19.4%

Source: U.S. Census Bureau Small Area Income & Poverty Estimates

Again, educational attainment is key to moving this indicator. Increased education leads to increased opportunities, which can lift people out of poverty. The Growth Council feels that investments in lifelong learning beginning at birth are critical to the Maine economy.

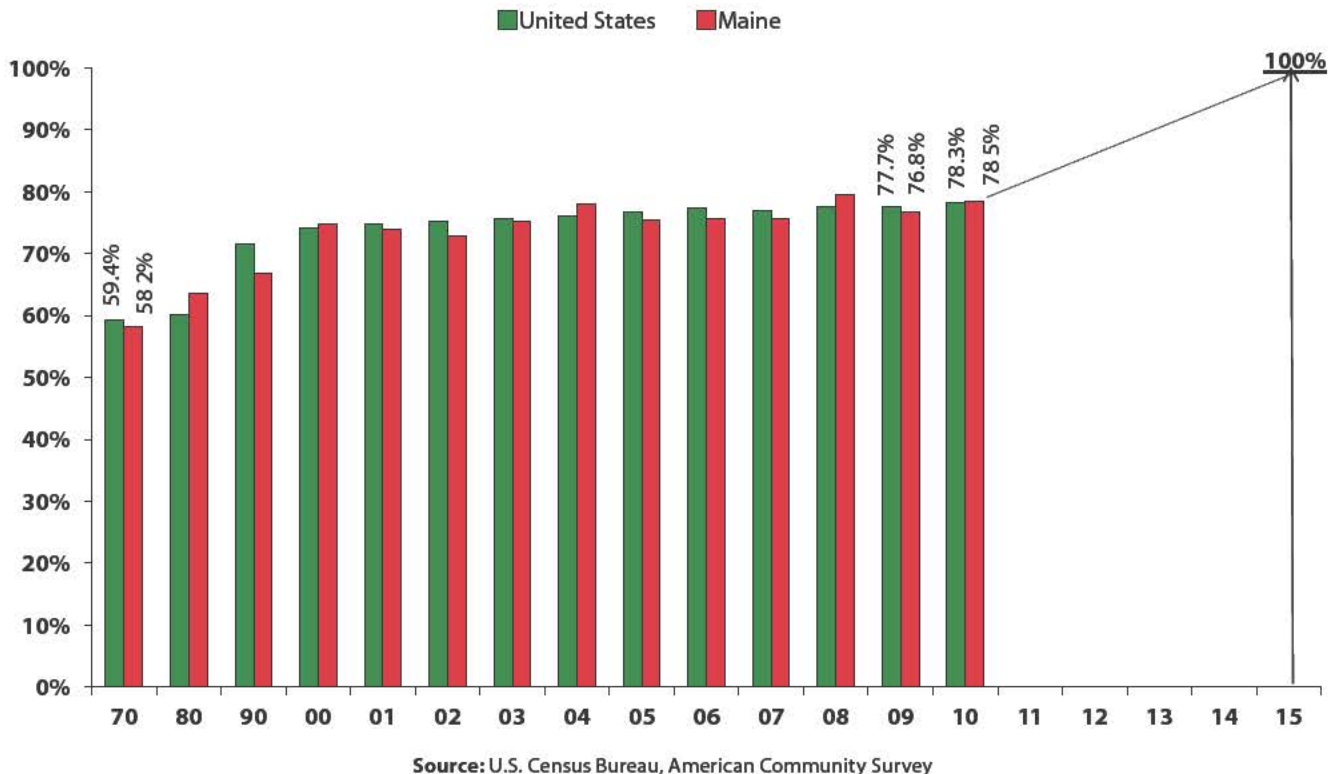
**Related indicators include:** Per Capita Personal Income, Employment, Higher Degree Attainment, Fourth Grade Reading Scores



## 20. Gender Income Disparity

**Benchmark:** The median annual income of women working full-time will improve to 100 percent of the median annual income of men working full-time by 2015.

### Women's Income as a Percent of Men's for Full-Time, Full-Year Work 1970 - 2010



### Women's Earnings 78% of Men's Earnings in Maine and U.S.

In 2010, female employees in Maine earned \$0.78 for every \$1.00 earned by men. This represented an improvement over 2009, when female employees earned \$0.76 for every dollar, and also brought Maine in line with the U.S. average. The median income of all women in Maine who worked full-time, full-year grew from \$32,395 in 2009 to \$33,959 in 2010. The median income for comparable male employees grew from \$42,205 to \$43,257 over the same time frame.

Nationally, from 2009 to 2010, the situation was largely unchanged. In 2009 and 2010, women earned approximately \$.78 for every dollar earned by men. The median incomes of full-time, full-year male and female employees both increased during this time (women from \$35,633 to \$36,612 and men from \$45,872 to \$46,740).

The table shows that gender income disparities vary by occupation. This data set is a variation of the data used to create the graph, so as to address confidence issues associated with these small sample sizes. Both data sets support the same trends and relationships.

Gender income disparities create disincentives for women to contribute fully to the labor force, slowing economic growth and putting families at risk. The Heinz Family Philanthropy and Mellon Financial Corporation reported that, in 2000, a typical 25-year-old female college graduate earning \$0.73 for every \$1.00 earned by a man in the U.S. would earn \$523,000 less over her lifetime than a male counterpart.

The prosperity of women has wide-reaching effects on Maine's economy and communities. Because women are much more likely than men to be single heads of households, bringing women's earnings more in line with men's can

*(continued on next page)*



## 20. Gender Income Disparity (Continued)

### 2010 Median Earnings Full-Time, Year-Round, Civilian Employed Population 16 Years and Over

Occupation	Male	Margin of Error (+/-)	Female	Margin of Error (+/-)	Women's Earnings as % of Men's
<b>Management, business, and financial</b>	<b>\$61,070</b>	\$1,835	<b>\$49,978</b>	\$2,493	<b>81.8%</b>
Management	\$61,840	\$2,580	\$51,363	\$1,906	83.1%
Business and financial operations	\$55,738	\$6,330	\$45,806	\$4,029	82.2%
<b>Service</b>	<b>\$31,408</b>	\$1,631	<b>\$23,172</b>	\$1,352	<b>73.8%</b>
Health care support	\$26,751	\$1,686	\$25,853	\$1,100	96.6%
Protective service	\$48,773	\$3,367	\$46,795	\$15,174	95.9%
Food preparation and serving related occupations	\$25,425	\$2,550	\$20,841	\$1,631	82.0%
Building and grounds cleaning and maintenance	\$30,167	\$4,921	\$22,206	\$2,005	73.6%
Personal care and service	\$24,030	\$4,875	\$22,360	\$1,797	93.1%
<b>Sales and office</b>	<b>\$40,060</b>	\$2,601	<b>\$30,009</b>	\$1,038	<b>74.9%</b>
Sales and related	\$44,483	\$3,304	\$26,115	\$1,638	58.7%
Office and administrative support	\$35,142	\$2,335	\$30,606	\$579	87.1%
<b>Construction and extraction</b>	<b>\$36,209</b>	\$908	<b>\$24,020</b>	\$10,165	<b>66.3%</b>
<b>Production, transportation, and material moving</b>	<b>\$38,995</b>	\$2,885	<b>\$25,473</b>	\$1,439	<b>65.3%</b>
Production	\$45,663	\$3,268	\$26,203	\$1,496	57.4%
Transportation	\$36,518	\$3,553	\$25,398	\$4,999	69.5%

Source: U.S. Census Bureau, American Community Survey

help decrease poverty among children. Higher earnings among younger women will also provide them with greater economic security later in life, an important consideration given the longer life expectancy of women.

Both the state and federal governments have passed legislation and provided models through which businesses can voluntarily self-audit to investigate their own potential gender income disparities.

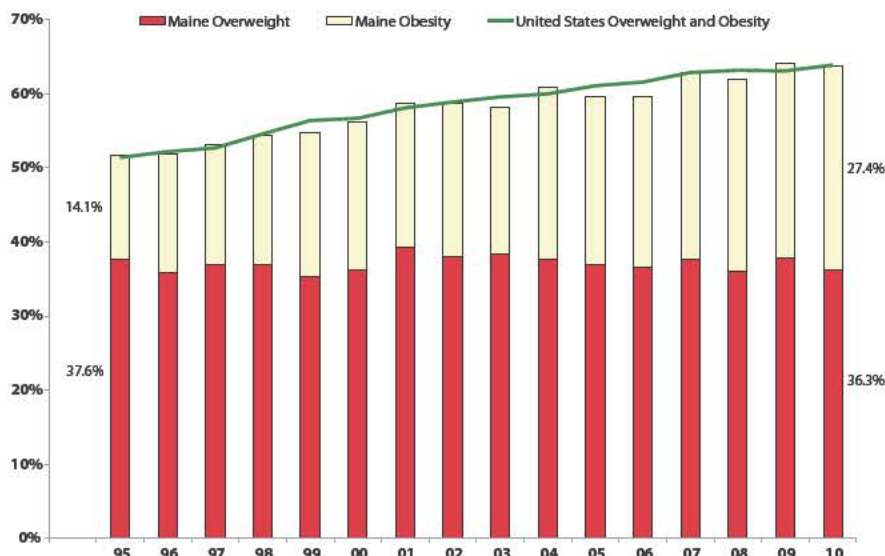
**Related indicators include:** Per Capita Personal Income, Higher Degree Attainment, Poverty



## 21. Wellness and Prevention

**Benchmark:** The percent of overweight and obese adults in Maine will decrease to 50% by 2015.

### Percent of Overweight and Obese Adults 1995 - 2010



Source: Center for Disease Control, Behavioral Risk Factor Surveillance System

### Almost Two-Thirds of Adult Mainers are Overweight or Obese - Improvements Needed to Increase Health and Productivity

Maine's overweight (Body Mass Index of 25.0 to 29.9) and obesity rate (Body Mass Index  $\geq 30$ ) was just over half (51.7%) in 1995 and almost two-thirds (63.7%) of the adult population in 2010. This followed national trends. Maine's overweight rate has stayed relatively stable, and was actually lower in 2010 (36.3%) than in 1995 (37.6%). The increase in Maine's combined overweight and obesity rates is attributable to a steady increase in the obesity rate that saw this percentage nearly double from 1995 to 2010 (from 14.1% to 27.4%).

Being overweight or obese is the third leading cause of preventable deaths in both Maine and the United States. Overweight and obesity are risk factors for chronic diseases such as diabetes, heart disease, stroke, high cholesterol, asthma, arthritis, and some cancers. The risk increases with weight. Appropriate policies, public education, and better access to healthier choices can help improve Maine's overweight and obesity rates and reduce the prevalence of chronic diseases.

There are economic costs associated with Maine's high overweight and obesity rates. A 2011 study\* found that being overweight or obese in Maine drives \$767 million annually in medical expenses. A 2006 study\*\* found that the combined effects of overweight and obesity result in productivity losses of over \$2 billion. Improving Maine's overweight and obesity rates can help control health care costs and improve productivity.

Reducing Maine's prevalence of obesity and associated chronic diseases is critical to the lives of Maine citizens and our economy. The Council has set an aggressive goal. Increased physical activity and better nutrition can help to move us in the right direction. There are a number of valuable efforts being made statewide, including Healthy Maine Partnerships and Maine Downtown Center's Green Downtowns program. Programs for kids include Let's Go! 5-2-1-0, Farms to Schools, and Maine-ly Nutrition. However, more needs to be done if we are to reach the benchmark. More and more employers are taking the initiative with their employees and are aided by efforts like the Wellness Councils of Maine.

**Related indicators include:** Manufacturing Productivity, Cost of Health Care, On-the-Job Injuries and Illnesses

\*Trogdon, Justin G., Eric A. Finkelstein, Charles W. Feagan and Joel W. Cohen. "State- and Payer-Specific Estimates of Annual Medical Expenditures Attributable to Obesity." June, 2011.

\*\*Chenoweth & Associates, Inc. A Topline Report. Summary of the study, "An Economic Cost Appraisal of Physical Inactivity, Overweight, and Obesity Among Maine Adults." Conducted for Anthem-Maine and MaineHealth. March, 2006.

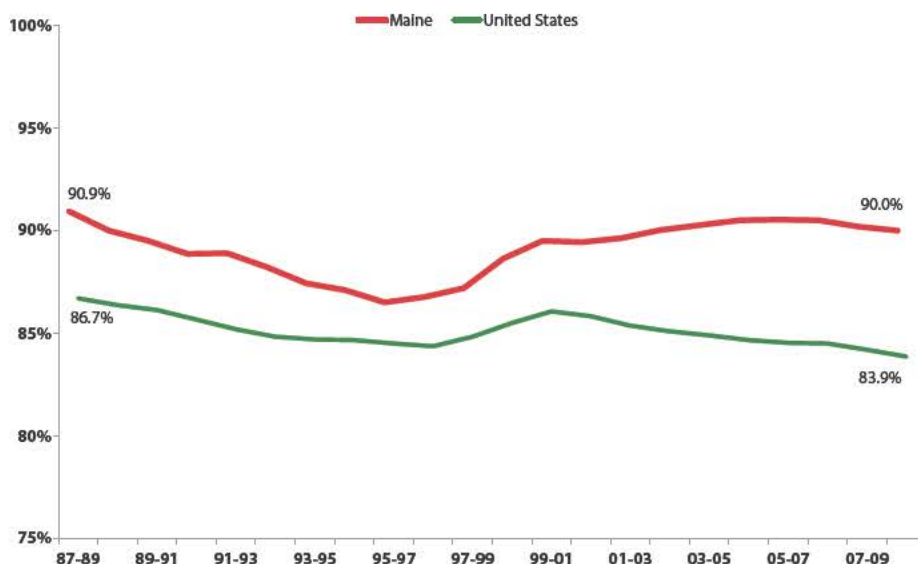


## 22. Health Insurance Coverage

**Benchmark:** The percentage of Maine's population with health insurance coverage will continually rise and remain above the U.S. rate.



### Percent of Population with Health Insurance Coverage 3-Year Moving Average 1989 - 2010



Source: U.S. Census Bureau

### Maine's 90% Health Insurance Coverage Ranks Above National Average of 84%

2010 data shows that Maine remains well ahead of the nation in the proportion of the population covered by insurance. Both Maine and the nation have remained stable on this measure in recent years. Since 2002-04, Maine's three-year moving average has been approximately 90% and the U.S. average has been around 85%.

Maine has done an excellent job of making insurance available to a large majority of people. Providing widespread health insurance can lower barriers to getting appropriate preventive screening and timely medical care which can avoid higher medical costs down the road. This, in turn, enables people to live healthier, more productive lives.

According to the Kaiser Foundation, in 2010, 48% of all Mainers were covered by employer-sponsored insurance, 4% purchased insurance directly, 22% were enrolled in MaineCare (the state's Medicaid program), and 14% were enrolled in Medicare. With the exception of Medicaid, national numbers were very similar. The difference between Maine's Medicaid coverage (22%) and the nation's (16%) accounts for Maine's higher insurance coverage rate.

Health Insurance Coverage Total Populations 2010		
	U.S.	Maine
Employer	49%	48%
Individual	5%	4%
Medicaid	16%	22%
Medicare	12%	14%
Other Public	1%	2%
Uninsured	16%	10%

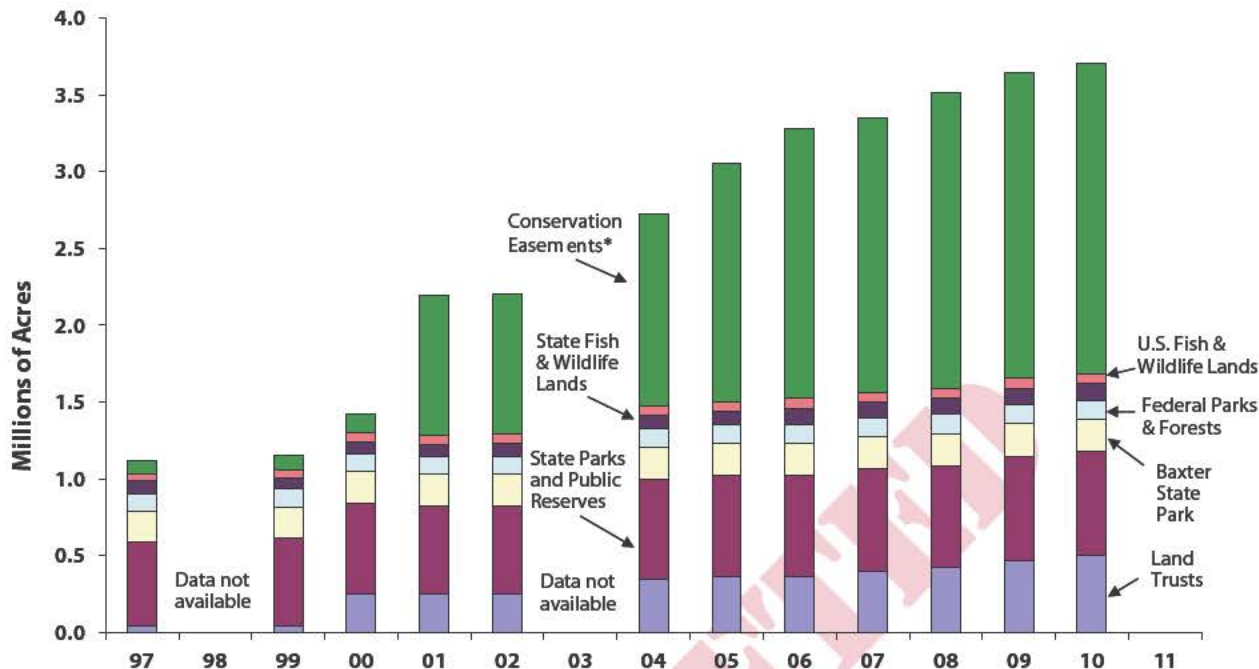
In both Maine and the nation, rising insurance and health care costs have made it increasingly difficult for employers to offer affordable health insurance benefits and for individuals to purchase insurance on the open market. This prompted Maine to expand MaineCare coverage and the Legislature to pass wide-sweeping changes to existing insurance laws. With rising health care costs, financing both public and private insurance programs will continue to be a challenge.

Looking to the future, Maine currently has the highest median age in the nation. As the population continues to age, an increased share of the state's population will be enrolled in the federal Medicare program. Low-income people 65 and older and some younger individuals with disabilities are eligible for both MaineCare and Medicare. Because MaineCare, not Medicare, pays for most long-term care, MaineCare may see additional cost increases that parallel the aging population.

**Related indicators include:** Manufacturing Productivity, Cost of Health Care, Wellness and Prevention



### Acres of Conserved Land in Maine 1997 - 2010



\* 2008 and 2009 conservation easement acreage totals are revised slightly from last year's report due to revisions in State Planning Office accounting methodology

Source: Maine State Planning Office

### Future Conservation Should Focus on Strategic Holdings

The Council reported last year that, with the incorporation of conservation easement lands on which public use is currently allowed, Maine has achieved the acreage goal for this indicator. As of 2010, Maine's total conserved acreage in all categories was just under 3,700,000 acres, or approximately 19% of the state's total land area.

The Council believes there is a continuing need for conservation and is focused on strategic conservation efforts that protect natural and working lands. These include Maine's working waterfronts, farmlands, wildlife habitat, and forests. That strategic focus will also include habitat connectivity and other priorities of the Land for Maine's Future Board and the Departments of Agriculture, Conservation, and Fish & Wildlife.

When coordinated with well-planned development, strategic conservation of all kinds of undeveloped lands in and around Maine's residential communities helps to protect the state's quality of place and preserve historic town centers. The preservation of open space in communities also encourages more physical activity and can improve the health and wellness of Maine's residents. Strategic land conservation also helps address the issues presented in our Service Center Communities benchmark.

The Council will continue to monitor land conservation in Maine. Tracking land conservation efforts focused on wildlife habitat will help us to monitor the health of the ecosystems that protect Maine's environment and serve all Maine residents. Monitoring these efforts complements our look at the quality of life triangle in the middle of our Economy, Community, and Environment concentric circles at the front of this report.

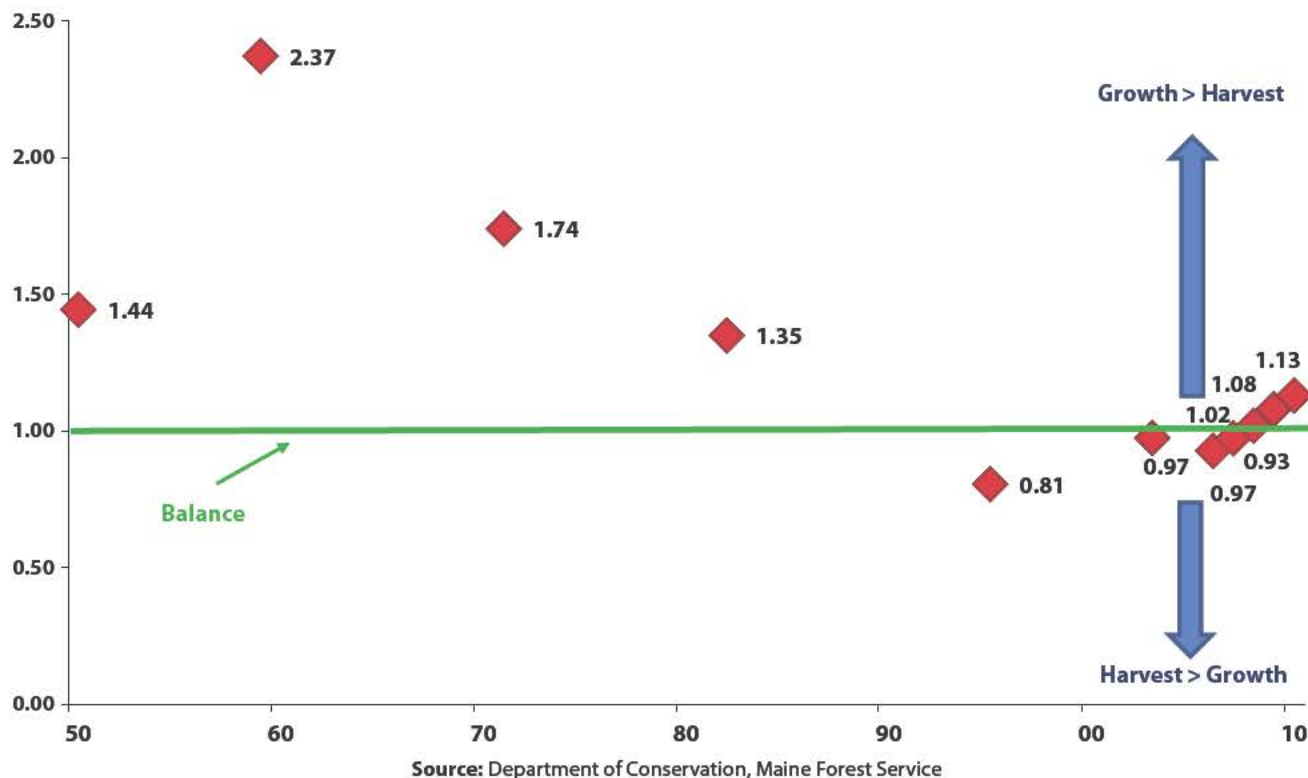
**Related indicators include:** Wellness and Prevention, Population of Service Center Communities

## 24. Sustainable Forest Lands

**Benchmark:** The balance of net growth to removals will be maintained over time near a 1:1 net growth to removals ratio.



### Historic Trend in Maine's Net Growth to Removals Ratio 1950 - 2010



### Growth to Removals Ratio at 1.13:1 as Sustainable Management of Maine's Forest Lands Continues

For this indicator, a ratio value greater than one indicates that growth is greater than harvest, while a ratio value less than one indicates that harvest exceeds growth. Minor fluctuations around the ideal ratio of 1:1 are acceptable, provided that wide variations in either direction are avoided and the long-term trend is neutral. The 2010 net growth to removals ratio of 1.13:1 means that the indicator continues to perform well and continues to meet the benchmark.

During the 1950s and 1960s, growth far exceeded long-term carrying capacity. The spruce budworm epidemic and subsequent salvage harvesting in the 1970s and 1980s brought growth-to-harvest levels back to the desired 1:1 ratio. Sawmills and pulp mills today are sustainably processing historically high volumes even while the total in-forest volume increases (up 50% since 1950).

Sustainable forestry is essential to Maine's economy, identity, and quality of life, particularly with the mounting concern over the future of Maine's forest lands. Maine's forests cover nearly 90% of the state's land area, with most of this acreage actively managed by private landowners. Maine's forests support healthy wildlife populations, provide clean water, supply raw materials used to create products ranging from newspaper to alternative fuels, and offer a wide variety of recreational opportunities. Maintaining the long-term balance between growth and removals is a key component in sustaining Maine's forests and their contribution to the state's economy.

Together, the Sustainable Forest Lands, Conservation Lands, and Population of Service Center Communities are important indicators of how well the state is combating sprawl, conserving resources, and supporting our natural resource-based economy.

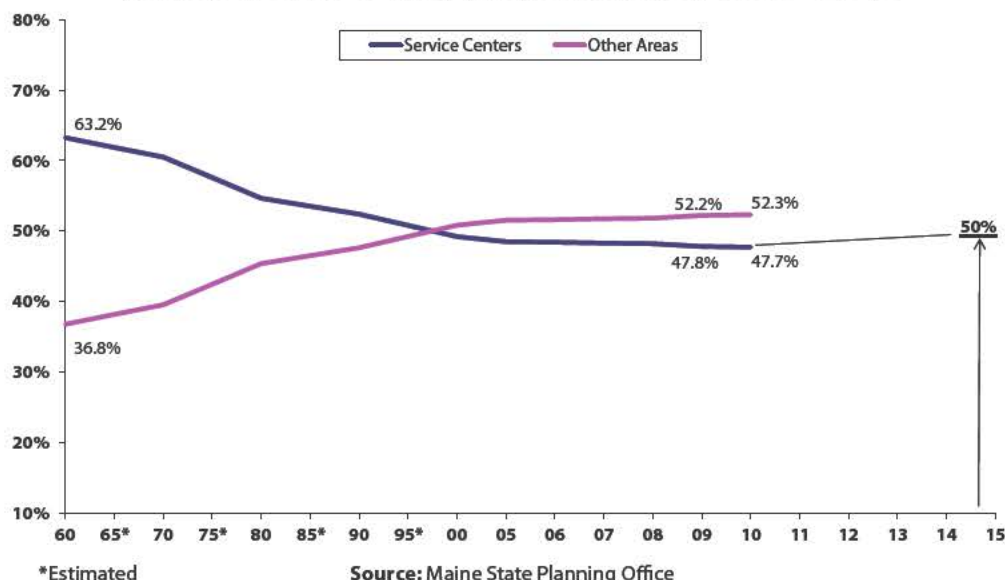
**Related indicators include:** Conservation Lands, Population of Service Center Communities



## 25. Population of Service Center Communities

**Benchmark:** The percentage of Maine people who reside in service center municipalities will reach 50% by 2015.

### Percent of Maine's Population Living in Regional Service Centers (Compared to Other Municipalities) 1960 - 2010



### 52% of Mainers Live Outside of Service Center Communities - Preserving Town Centers a Key to Maine's Economy and Quality of Life

In 1960, 63.2% of Mainers lived in regional Service Center communities\* and 36.8% lived in other areas. The following decades saw a steady decline in the percentage of people living in Service Center communities. By 2000, the percentage of Mainers living in other areas surpassed the percentage living in Service Centers. Since then, people have slowly but steadily moved away from urban centers into the more rural parts of the state.

This indicator measures the degree of urban sprawl in Maine, which brings with it a host of societal problems. Sprawl leads to redundant and costly infrastructure such as roads, schools, and waste systems, the upkeep of which costs state and local governments millions every year. For example, even as school enrollment statewide declined, the state was compelled to invest nearly a billion dollars in school construction to accommodate population shifts. Meanwhile, Service Center communities are struggling to fund their own now-underutilized infrastructure. Attempts to remedy this situation, such as regionalization and consolidation of municipal services, have met with varying success.

Vibrant Service Center communities attract young people, retirees, diverse populations, and creative economic ventures, all of which help to move Maine's economy forward. Almost three-quarters of all Maine jobs, services (hospitals, social services, educational institutions, cultural activities, and government services), and consumer retail sales are located in 63 specifically identified regional Service Center communities. Preserving Service Centers also enables people to access services by active modes of transportation.

Investment in existing town centers helps keep these areas vibrant and brings a high return on investment. For example, from September 2002 to September 2011, Main Street® Maine communities saw \$145.5 million of reinvestment in physical improvements from public and private sources; a net gain of 220 businesses; a net gain of 954 full-time and 79 part-time jobs; 557 building rehabilitations and improvements; and a total reinvestment ratio of \$27.57 for every dollar spent.

**Related indicators include:** Affordable Housing, Wellness and Prevention, Conservation Lands

\* Maine State Planning Office criteria to be a service center: level of retail sales, jobs-to-workers ratio, the amount of federally assisted housing, and the volume of service sector jobs. Regional service centers include communities that meet basic criteria and portions of adjacent municipalities that meet certain criteria. For a complete list: <http://www.maine.gov/spo/landuse/index.htm>



## 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 and Maine Development Foundation, *Measures of Growth in Focus 2012*."

## ABOUT THE DATA AND ITS TIMELINESS

The data in this report came from a wide variety of sources, primarily state and federal agencies. Some agencies are able to provide data that is immediately up-to-date, while others experience a lag in up-to-date reporting. Where possible, estimates were given by agencies in order to compensate for lags in confirmed data.

## ON THE WEB

*Measures of Growth in Focus 2012* is available on the website of the Maine Development Foundation in Adobe® portable document format (.pdf) for easy download and printing. Visit the Maine Economic Growth Council through the homepage of the Maine Development Foundation at [www.mdf.org](http://www.mdf.org).

## BACKGROUND AND ACKNOWLEDGMENTS

The Growth Council is co-chaired by the President and CEO of Hussey Seating Company, Tim Hussey, and State Senator Christopher Rector. The Growth Council was established in statute by the Governor and the Legislature in 1993 to develop a vision and goals for the state's long-term economic growth. It is comprised of 19 members: 14 representing the private, public, education, labor, and nonprofit sectors; four legislators; and the commissioner of the Department of Economic and Community Development. Membership to the Council requires a three-way appointment from the Governor, Senate President, and Speaker of the House.

Since its inception, the Council has published 18 annual editions of *Measures of Growth*. The Maine Legislature uses the report as a guide in its deliberations. Several state agencies have formally incorporated the report's goals and benchmarks into their own strategic plans. Nonprofit organizations have initiated programs aimed directly 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 curriculum. Policy development forums have used the benchmarks as springboards.

*Measures of Growth* has been constantly revised over the years in order to provide our readership with the most up-to-date overview of Maine's progress towards long-term, sustainable economic growth, and a high quality of life for all its people. For the past six years, the Council has opted to include what it deems are only the most critical factors that play into the vision of this report. The result is a leaner, more focused edition of *Measures of Growth*, compared to editions prior to 2005.

The Maine Economic Growth Council is administered by the Maine Development Foundation (MDF). MDF was created by the Legislature and Governor in 1978 as a private, nonprofit corporation with a broad mandate to promote Maine's economy. MDF empowers leaders, strengthens Maine communities and guides public policy. Today, MDF is financed primarily with private resources.

Laurie Lachance, President and CEO of MDF, directed the development of this report and the proceedings of the Growth Council. Ryan Neale, Program Director, and Edmund Cervone, Senior Program Director, administered Growth Council meetings and authored the report. Lauren Mier was the graphic designer. J.S. McCarthy Printers printed the report.

The work of the Growth Council is financed by a state appropriation through the Maine Department of Economic and Community Development, and supplemented by private contributions from the membership of MDF.

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

# Maine Economic Growth Council Members, 2011 - 2012

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Senate District #22

**Tim Hussey, Co-Chair**

*President and CEO*

Hussey Seating Company

**Harold Clossey**

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**Thomas Kittredge**

*Economic Development Director*

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