

MAINE STATE LEGISLATURE

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MEASURES OF GROWTH

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

2020



26TH
REPORT OF
THE MEGC

 **MEGC**
Maine Economic
Growth Council

Administered by
mdf

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- Maine's cost of doing business index value was 112 in 2007, rose to a high of 114 in 2008-2009, and has been stable at 110 since 2012. In 2019, Maine's cost of doing business ranked 7th highest in the U.S., ranking worse than New Hampshire, Rhode Island, and Connecticut, and better than Massachusetts and Vermont.



PDF available for download at [mdf.org](https://www.mdf.org)

17. Cost of Health Care pg 26

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While 95% of Mainers have access to basic broadband—slightly above the national rate of 94%—only 55% have broadband subscriptions, compared with 65% nationally. The proportion of Mainers with basic broadband subscriptions rose from 30% in 2016 to 55% in 2018.

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In 2019, 816 miles or 58% of Priority 1 highways were graded A, B or C, and 582 miles (42%) received grades of D or F. This shows further, steady decline since 2012 in the proportion of Maine highways receiving top grades.

22. Housing Affordability pg 32

Housing is more affordable in Maine than in the United States or the Northeast region. But after improving from 2007 to 2015, housing affordability in Maine has declined slightly each year since.

★ Exceptional Performance
Very high national standing and/or established trend toward significant improvement.

🚩 Needs Attention
Very low national standing and/or established trend toward significant decline. The indicator may show improvement but is still viewed as needing attention.

HEALTH & SAFETY

★ 23. Safety pg 33

Maine's crime rate in 2018, 14.7 per 1,000 residents, was 43% below the national rate of 25.8 and among the lowest of the 50 states. Maine's violent crimes rates in particular are significantly lower than the nation, and property crime rates have also been falling.

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★ 27. Air Quality pg 38

After declining in the 1980s and 1990s, air quality in Maine has improved substantially, and is better than other Northeastern states. The number of moderate (23) and low (1) air quality days in 2019 were the lowest on record.

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Since 2006, Maine's water quality has remained steady, with 95% of rivers and streams, and 91% of lakes, achieving Category 1 or 2 ("good") in 2016.

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Since 2010, Maine has maintained net forest growth-to-removal ratios slightly in favor of growth over harvest. The growth to harvest ratio fell slightly from 1.38 in 2018 to 1.27 in 2019.

+ Movement toward the benchmark since the last available data.

= No significant movement relative to the benchmark since the last available data.

- Movement away from the benchmark since the last available data.



AT THE HEART OF IT ALL, IT'S ABOUT OUR PEOPLE.

A LONG-TERM PROGRESS REPORT ON MAINE'S ECONOMY

The Maine Economic Growth Council is pleased to present *2020 Measures of Growth* – a tool to support Maine's short-term recovery and long-term prosperity. Even as COVID-19 draws our focus to the day-to-day survival of businesses and households, the Council firmly believes that a long-term perspective is as crucial as ever. Thinking past the current moment—with guidance from past experience—can be a springboard for future growth.

The COVID recession undoubtedly challenges Maine's progress, but it reinforces the need for a resilient economy that supports vibrant communities and a healthy environment. It is the Council's longstanding vision that Maine's enduring assets can be the basis for economic development. For instance, the value of Safety, Air Quality, and Water Quality were apparent this summer, when some rural Maine communities saw a welcomed influx of residents from more urban areas. This migration was enabled by Broadband Connectivity, which allowed thousands of Mainers to work, learn, and access medical care safely from home.

In last year's *Measures of Growth*, the Council called for the creation of a long-term economic plan for Maine. Governor Mills convened leaders of industry, education, labor, government, and the nonprofit sector (including current and former Council members) to create a ten-year strategy to grow Maine's economy. Maine's Ten-Year Economic Strategy charts a course for creating jobs and increasing prosperity through talent and innovation. While no plan can command universal consensus, particularly in the details, Maine's Strategy closely aligns with the Council's longstanding vision of a high quality of life for all Maine people based on a strong economy, vibrant communities, and a healthy environment.

More recently, Governor Mills' Economic Recovery Committee (ERC) is guiding the State's response to COVID-19. On November 24, the Committee issued recommendations to help Maine regain its footing, return to its previous growth path and perhaps, with

hard work and collaboration, exceed it. The ERC's work will be a bridge from the COVID response to the Ten-Year Economic Strategy and incorporates strategies for diversity, equity and inclusion as key components for successful economic stabilization and growth.

In order to better reflect current circumstances, *Measures of Growth* has two new measures: Racial/Ethnic Income Equity and Prekindergarten Education. We have also changed two metrics: Per Capita Personal Income is now Wages, and Working Age Population is now Workforce. In other places we added commentary or cross-references to help tie *Measures of Growth* to the Ten-Year Economic Strategy.

Most of this year's measures of growth indicators show data through 2019, and the majority of our benchmarks are for 2020. The Council considered resetting benchmarks to 2030 this year. We decided to wait so that the impacts of the pandemic on baseline conditions would be clearer.

The 29 indicators in this report track whether Maine is moving towards sustainable long-term prosperity. Within these indicators, we see reasons both for celebration and renewed resolve.

For 2020, the Council assigns Gold Stars for significant progress in:

- Prekindergarten Education
- Safety
- Air Quality

We assign Red Flags for needed attention to:

- Racial/Ethnic Income Equity
- Workforce
- Value-Added per Worker
- Research and Development Expenditures
- Cost of Doing Business
- 8th Grade Math Performance

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



+



+



These areas of progress and concern reinforce the importance of talent, innovation, competitiveness, and quality of place in setting the stage for growth. Maine's growing strengths in Prekindergarten Education, Safety, and Air Quality are selling points the state can leverage to attract and retain employers and educated workers. In the red flag areas of R&D investments and 8th Grade Math, Maine should target state and federal dollars to move the needle. At the same time, we must not lose sight of reining in our relatively high business costs.


2020 has highlighted the importance of economic stability to Maine households, and the corresponding importance of public health to Maine businesses. This includes integration of clinical services with community supports if we are to address what is known as the social determinants of health (SDOH) — factors like housing, education, behavioral health, food and nutrition, and personal safety. According to the National Academy of Sciences, Engineering, and Medicine Roundtable on Population Health Improvement, these SDOH account for 80% of a population's overall health.


The choices we make today will determine Maine's destiny in the post-COVID world. Now more than ever, Maine needs strong cross-sector leadership and strategic investments based on unbiased data and analysis. The Council looks forward to working with the Governor, the Legislature, and business and community leaders across Maine to achieve long-term economic growth and a high quality of life for all Maine people.

KEY TO SYMBOLS

Gold Stars & Red Flags


Gold Stars and Red Flags are determined by consensus of the Growth Council based on consideration of the data and the experience of its members. The general criteria are:


 **Exceptional Performance**
Very high national standing and/or significant positive progress compared to past performance.


 **Needs Attention**
Very low national standing and/or established trend toward significant decline. The indicator may show improvement but is still viewed as needing attention.

Progress Symbols

Progress Symbols reflect movement from year to year and/or recent trends toward or away from the benchmarks established by the Council. No symbol is assigned to new indicators, indicators with a new data set, or indicators for which updated data is not available. The general criteria are:

 Movement toward the benchmark since the last available data.

 No significant movement relative to the benchmark since the last available data.

 Movement away from the benchmark since the last available data.

TAKING STOCK: 2020 IN PERSPECTIVE

2020 is Maine's 200th anniversary, but it will be remembered more as the year of COVID-19, recession, a presidential election, and racial justice activism. It is the year we relearned how connected we are to other Mainers and to people around the world. One person's exhale is another's inhale. One person's spending is another's paycheck. We also learned of hidden vulnerabilities. Missed paychecks and closed schools tipped many Maine households into stressful, precarious situations. The challenges created by the pandemic hit low-income and rural households disproportionately hard.

2020 also taught us the power of resilience and collaboration. In March, thousands of Maine businesses quickly modified their operations to protect staff and customers. We adapted to six-foot spacing, curbside pickup, and face coverings. Maine research institutions and biomedical companies worked with state and local officials to provide testing in communities across the state. We relearned the power of science, innovation, and public-private partnerships.

Due to data lags, the full impact of COVID on Maine's economy is not yet known. However, a few key statistics tell the story.

Unemployment and Insecurity

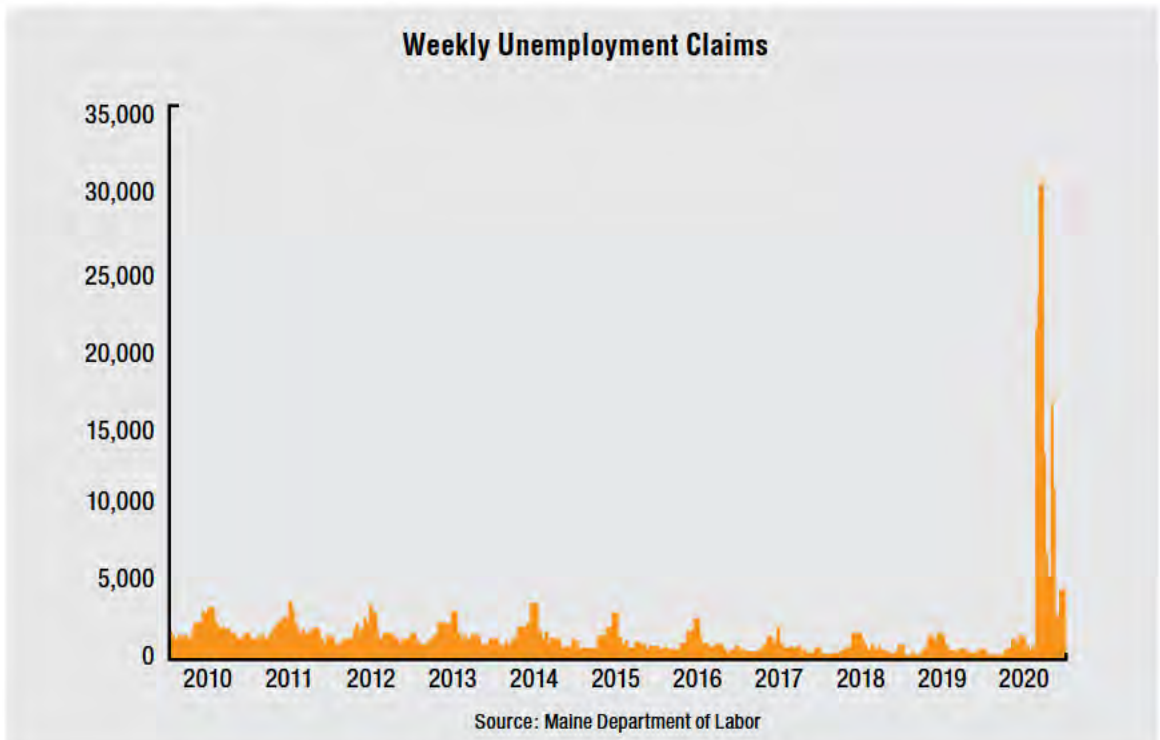
In March 2020, stay-at-home measures led to thousands of sudden job losses. Within two weeks, over 45,000 Mainers filed for unemployment – more

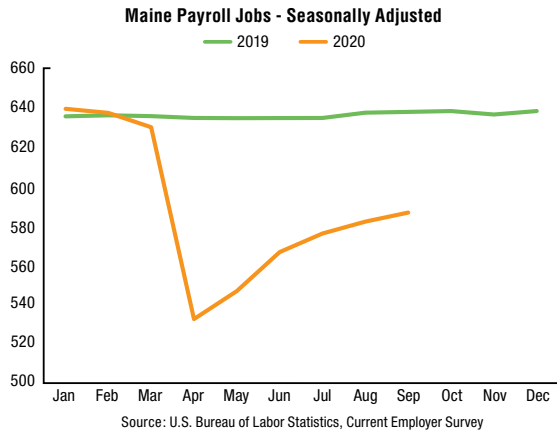
than in all of 2019. The estimated unemployment rate hit 18% in May.¹ COVID-related job losses have disproportionately hit frontline workers who are often the lowest paid and least able to find alternate employment. In Maine, unemployed individuals are disproportionately female and under age 45. Data on racial disparities is incomplete, but likely follow national trends, with Black and Hispanic workers suffering disproportionate job losses.²

In the spring of 2020, during the initial COVID shutdowns, jobs fell 100,000 (16%) below year-ago levels.³ Jobs have recovered since then but were still 50,000 (8%) below year-ago levels heading into fall. In a typical week almost half (40-45%) of Maine households reported lost employment income, 25% have said it is somewhat or very difficult to pay their usual household expenses, and over 10% of households with children have been experiencing food insecurity.⁴

Working and Learning from Home

Social distancing measures have turned Maine homes into centers of learning for children, and work for those privileged to be able to do their jobs remotely. The abrupt shift to virtual learning revealed how much our economy relies on public schools. They provide childcare for legions of working parents, and food, health services, and safety to thousands of vulnerable children – Maine's future workers and leaders. This experience has laid bare the inequalities between wealthy and poor, and rural and urban, households and school districts.

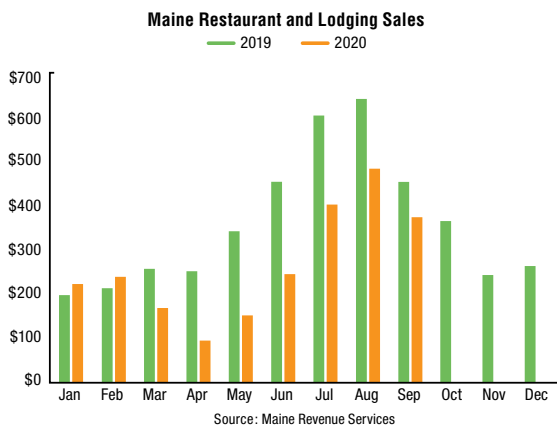




The new Prekindergarten Education metric highlights the importance of ensuring that all Maine children receive the support they need to become healthy, skilled adults. With this addition, the workforce metrics now span the full continuum of care and education necessary to help the next generation of Mainers reach its full potential. Early Education also highlights the role childcare plays in helping parents participate in Maine’s workforce.

Tourism Downturn

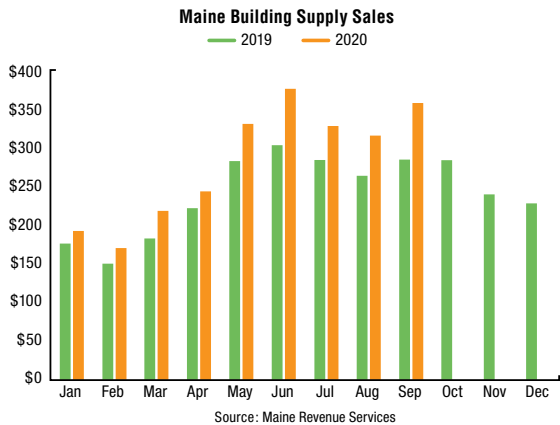
Tourism, the lifeblood of many Maine communities and businesses, has been hit hard by COVID containment measures. Travel restrictions discouraged some people from visiting Maine. Others were wary to travel regardless of restrictions; they feared contracting the virus. The result was an unprecedented decline in summer tourism. From March through September 2020, sales at Maine restaurants and lodging establishments were 39% below 2019 levels.



Housing Upturn

The flipside of reduced travel was more time at home, which many people used for do-it-yourself home improvement projects that required extra trips to the hardware store. From March through September 2020, taxable sales at Maine building supply stores were 19% above 2019 levels.

As people sought refuge from the pandemic, Maine’s housing market exploded, especially in rural areas. In June through August 2020, home prices soared 11% over year-ago levels.⁵ Prices rose most in rural counties such as Franklin (30% increase) and Washington (19%).



“Liberty and Justice for All”

In May 2020, the killing of George Floyd by police officers sparked demonstrations for racial justice in Maine and across the U.S. These have prompted a national discussion about the continued legacy of racism against Black Americans. The Council strongly believes that Maine needs the contributions of every resident – and to be a safe and prosperous home for families of all races and ethnicities – if it is to achieve a vibrant, sustainable economy. Increasing prosperity is not true progress unless it is equitably shared.

The new Racial/Ethnic Income Equity metric reveals persistent income and poverty disparities between Maine’s white households and those of all other races and ethnicities. In Maine and across the U.S., COVID has exposed intolerable disparities in the health and welfare of non-white populations. Responding to these realities will require honesty, humility, and an openness to unbiased data and analysis. It will require commitment to a long-term strategy to grow Maine’s economy in ways that benefit all Maine people.

¹ Maine Department of Labor, Center for Workforce Research and Information, “Understanding the Employment Situation in Maine,” June 19, 2020.

² U.S. Bureau of Labor Statistics, *The Employment Situation—September 2020*

³ U.S. Bureau of Labor Statistics, Current Employment Survey.

⁴ U.S. Census Bureau, Household Pulse Survey through August 31, 2020.

⁵ Maine Listings, Press Release, September 22, 2020.

TAKING ACTION: BEYOND 2020

Short-Term Disruptions, Long-Term Goals

Beyond the turbulence of COVID lies the prospect of brighter days—if we maintain a strategic focus on long-term goals. The Council sees reason for optimism: Maine's quality of place is attracting new residents, new research has found nascent growth opportunities where Maine's strengths align with growing global demand, and a promising new approach to economic development seeks to cultivate these opportunities.

The Ten-Year Economic Strategy, purposely designed to transcend political cycles, is the first of its kind in several decades. It eschews the haphazardness of short-term plans that too often have not lived up their promises.

Ten Year Economic Strategy Vision

"By 2030, Maine will be an international leader with a vibrant, sustainable, environmentally responsible economy. All across the state, the people of Maine will have access to an unmatched quality of life and good paying jobs."

Goals:

- "Grow the average annual wage by 10%, to the benefit of workers at all income levels"
- "Increase the value of what we sell per worker by 10%"
- "Attract 75,000 people to Maine's talent pool"

Long-term plans have driven growth for many countries and states. Years ago in North Carolina, a group of determined public- and private-sector leaders launched a decades-long effort to modernize their state's economy. Their efforts included Research Triangle Park, which took nearly a decade to attract its first major tenant (IBM) but now hosts over 300 companies with 50,000 employees. Thanks to a long-term vision, this area of North Carolina is now a global leader in technology and innovation.

Maine's new ten-year strategy offers the potential for similar growth if it is sustained. In spite of current challenges, the strategy remains the guiding star of the State's economic development initiatives, and a reason for optimism.

Economic Recovery

Governor Mills' Economic Recovery Committee (ERC) is guiding the State's economic response to COVID-19.⁶ On November 24th it issued recommendations to help Maine regain its footing, return to its previous growth path and perhaps, with hard work and collaboration, exceed it. The ERC's work will be a bridge from the COVID response to the ten-year strategy.

Maine's recovery will take time. In July, the Consensus Economic Forecasting Commission predicted it will take two years for Maine's job market to stabilize, and then only to below pre-COVID levels. The chart below shows Maine's recovery path following the past seven recessions. Prior to the Great Recession of 2007-2009, the average time to full job recovery was 27 months, according to the Maine Department of Labor.⁷

The speed of Maine's COVID recovery will depend on many factors, including: the course of the virus, vaccines and treatments, state and federal relief programs, and how well we recognize and leverage the cultural and economic shifts resulting from the pandemic. The health of Maine's economy and the wellbeing of its citizens have perhaps never been more interconnected. COVID has shown how the social determinants of health have implications far beyond the individual. In the short-term, a prolonged period of low employment could create an unprecedented opportunity, as well as a need, for upskilling and reskilling the workforce. In the long-term, Maine's safe communities could be increasingly valuable economic assets.

Net Job Change in Maine for the Last 7 Recessions



Source: Maine Department of Labor

The Council recognizes the challenge of funding economic and workforce development in times of historic budget deficits and applauds efforts to creatively leverage this downturn. For instance, in weak labor markets, college enrollment often increases.⁸ To capitalize on this trend, the Maine Community College System has offered free online courses to recent high school graduates and, with help from the Harold Alfond Foundation, several campuses are offering free certification in high-demand fields.

Maine’s quality of life was attracting new residents before COVID, and the pandemic seems to be accelerating this trend. Since 2010, Maine has enjoyed a net gain of 28,000 residents from other states and counties.⁹ The flight from urban areas and the rise of telecommuting could easily broaden this movement. Strengthening social and digital connections between rural areas and nearby cities may be the key to future growth, rather than traditional efforts to grow place-bound jobs.

Opportunities Ahead

In addition to Maine’s attractive quality-of-place, we have unique economic assets that we can leverage for growth.¹⁰ The data-driven process behind Maine’s Ten-Year Economic Strategy identified four areas where our unique resources—and the skills of our existing workforce—align with growing global demand. These areas are where Maine can capture a larger share of future economic activity and jumpstart its recovery. These areas also add to existing opportunities, such as renewable energy generation and distribution, which are already generating growth.

| Opportunity Area | Example Sectors | Example “Nexus Points” |
|------------------------------|--|--|
| Food/Marine | Aquaculture, Breweries, Full-Service Restaurants, Berry Farming | Food Packaging, Local Food Supply Chains |
| Forest Products | Logging, Sawmills, Niche Wood Products, Packaging Manufacturing | Nano and Bio Cellulose Products, Cross Laminated Timber, Bioenergy |
| Technical Services | Financial and Insurance Services, Scientific Research and Development, Surveying and Sensor Technology | Forestry Surveying, Pharma Testing, Nano Cellulose Engineering, Bio Product Design |
| Making/ Manufacturing | Biopharma, Food, Paper and Wood Products, Fabricated Metal, Ship Building | Nano and Bio Cellulose Products, Cross Laminated Timber, Biopharma |

According to researchers, the most unique and promising opportunities come at the “nexus points” where these areas intersect. “For example, in the last couple of years the forest product industry has seen quantum leaps forward in development where new products have begun to emerge such as nanocellulose. This product takes advantage of the great abundance of trees with cutting edge science and engineering. To keep pushing this evolution, support is needed in the existing value chain, i.e. loggers are still required to fell trees and transport is still required to mills, in addition to new elements such as coders, chemists and biologists. This thematic approach requires cross cutting labor force policies that generate the depth of skills and training needed from basic to advanced degrees.”¹¹ It also points to cost-effective areas where Maine could invest in research and development.

This new approach to economic development improves on past strategies that focused on already-successful industries or clusters. Those strategies created backward-looking incentives that sent resources toward what worked in the past, rather than what might work in the future. The new ten-year strategy embraces a forward-looking approach that broadly supports talent development and innovation without picking individual sectors. Sustaining this new approach will require regularly updating this analysis to understand emerging opportunities.

Moving Forward, Together

The Council steadfastly believes that Maine has the potential to push through the COVID headwinds and build a stronger, better connected, more resilient, and more equitable economy than ever before. Doing so will require collaboration, disciplined adherence to a long-term strategy, and a renewed commitment to shared prosperity. We look forward to joining other Maine leaders to realize this vision.

⁶ The ERC includes more than forty public- and private-sector leaders from throughout Maine. It is co-chaired by Josh Broder, CEO of Tilson, and Laurie Lachance, President of Thomas College and former President and CEO of MDF.

⁷ Maine Department of Labor, Center for Workforce Research and Information, Recession Index, accessed September 11, 2020.

⁸ For example, Julian R. Betts and Laurel L. McFarland, “Safe Port in a Storm: The Impact of Labor Market Conditions on Community College Enrollments, 1995,” *Journal of Human Resources*, 30(4).

⁹ U.S. Census Bureau, Population Division, December 2019.

¹⁰ Andrew Crawley and Angela Hallowell, “Developing Industrial Thematics for Maine Technical Report,” 2019. Crawley and Hallowell identified these opportunities through rigorous analysis of Maine’s labor market and industry mix, and projections of global demand.

¹¹ *Ibid*, p. 3.

FUNDAMENTAL PERFORMANCE INDICATORS

1 - Wages



Maine's annual average wage will exceed the average of EPSCoR¹² states by 2030.

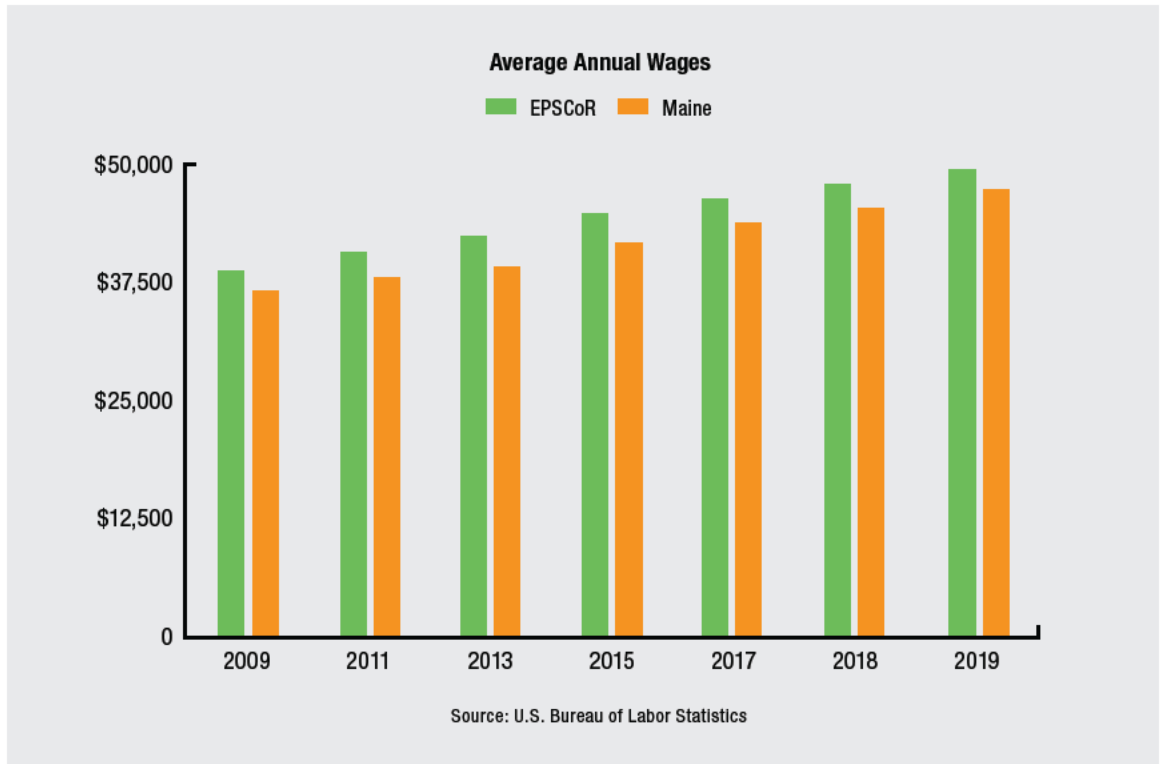
Wages reflect job quality, worker productivity, and the makeup of our economy; they are a primary driver of economic prosperity and quality of life. Wages and benefits account for nearly 60% of personal income. This metric compares Maine's wages to those in states with similar economies. This is a change from previous *Measures of Growth*, which tracked incomes. The Council believes this narrower metric more precisely reflects the vibrancy of Maine's economy.

In 2019, Maine's average annual wage was \$47,234. This was well below the U.S. and New England averages of about \$59,000, but just 4% below the average for EPSCoR states. From 2018 to 2019, wages grew 4.1% in Maine, which exceeded the EPSCoR average growth of 3.1%.

Wages account for about 60% of total personal income, with the rest coming from non-wage sources such as transfer payments, interest, and rental income.

Looking at this broader measure, we see that from 2018 to 2019, per capita income in Maine grew 4.2%, to \$50,950. This growth slightly exceeds the U.S. and New England averages, as well as the average of EPSCoR states. Maine ranks 29th of the 50 states in per-capita personal income, well below the other New England states, but below the EPSCoR average of \$51,315 by less than 1%.

Maine's Ten-Year Economic Strategy aims to increase annual average wages 10% by 2030. Adjusted for inflation, this means increasing wages from \$45,370 in 2018 to \$49,900 by 2030. In 2019, wages rose by 2.3% adjusted for inflation. Whereas our benchmark aims for Maine to improve its standing relative to a group of comparison states, the 10-year plan aims for absolute growth regardless of what is happening in the broader U.S. economy.



¹² Maine is one of 25 states in EPSCoR, the National Science Foundation's Established Program to Stimulate Competitive Research. EPSCoR assists places that historically have received low levels of funding for research and development (R&D). EPSCoR states develop partnerships between their higher education institutions, industry, government, and others to improve their R&D infrastructure, capacity, and national competitiveness.

2 - Poverty



Maine's poverty rate will decline and remain below the U.S. rate through 2020.

The poverty rate reflects both Maine's economic performance and the experience of individual residents. Reducing poverty is key to improving economic growth and quality of life. The federal poverty threshold for 2018 was \$12,140 for a single-person household and \$25,100 for a family of four.

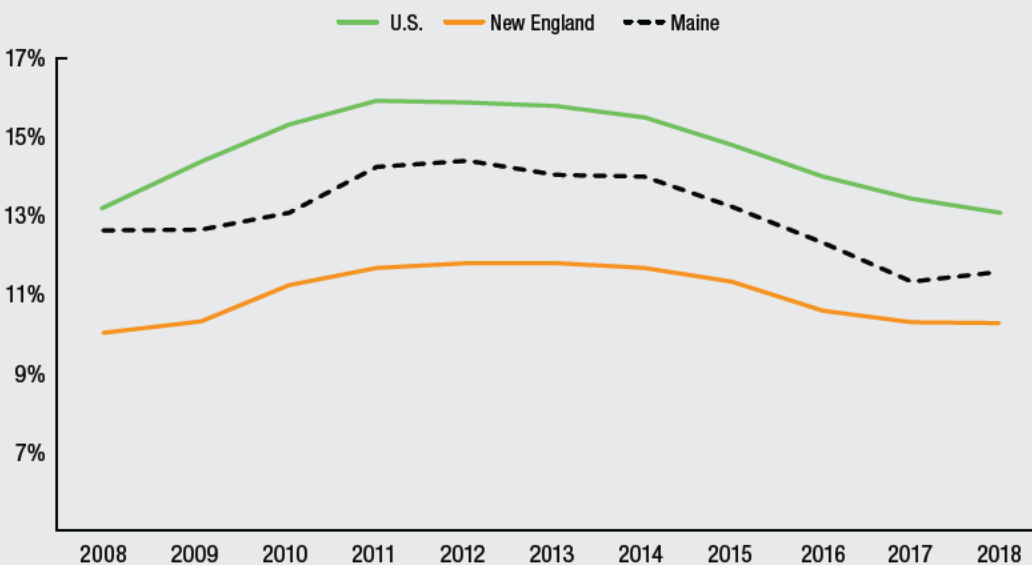
Maine's poverty rate has consistently been below the U.S. average and above the New England average. It rose from 11.3% in 2017 to 11.6% in 2018. This subtle annual movement is within the margin of error for this metric but keeps it below the Great Recession level of 12.2% in 2007. Nationwide, poverty declined from 13.4% to 13.1%, and New England's poverty rate decreased slightly from 10.4% to 10.2%. The national and New England poverty rates are still near their pre-2008 recession rates. In Maine's counties, poverty rates ranged from 8% in Cumberland to 18% in Washington; poverty has declined since 2014 in all counties except Oxford.

Overall poverty rates mask stark differences among different populations. In 2018, 16% of Maine children under age 5 were living in poverty, compared to 9% of Mainers over age 65. Many poor children are in households headed by single females. From 2014 to 2018, over one-third of single-mother households were poor, and nearly half (48%) of mothers with children under age 5 were living in poverty.

Fig 2b: Poverty Rate By County, 2018

| | County | Poverty Rate |
|------------------|--------------|--------------|
| Coastal Counties | Cumberland | 8.2% |
| | Sagadahoc | 8.7% |
| | York | 9.0% |
| | Knox | 11.0% |
| | Lincoln | 11.1% |
| | Waldo | 11.6% |
| | Hancock | 13.7% |
| Central Counties | Kennebec | 11.2% |
| | Androscoggin | 12.3% |
| | Penobscot | 14.7% |
| Rim Counties | Franklin | 14.5% |
| | Aroostook | 15.3% |
| | Somerset | 16.1% |
| | Oxford | 16.7% |
| | Piscataquis | 17.5% |
| Washington | 18.3% | |

Fig 2a: Poverty Rate, 2008-2018



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

3 - Gender Income Equity

+ Maine's median annual income for women will improve to 100% of men's median annual income by 2020

This measure compares median annual incomes of men and women working full-time, year-round. While differences in occupations and motherhood contribute to the gender wage gap, much of the disparity is not explained by these factors. In recent years, women's income as a percentage of men's in Maine has gradually improved, from 79% in 2014 to 84% in 2018. The gender income disparities in New England and the United States are comparable to Maine's.

Fig 3a: Women's Income As A Percentage Of Men's 2008-2018

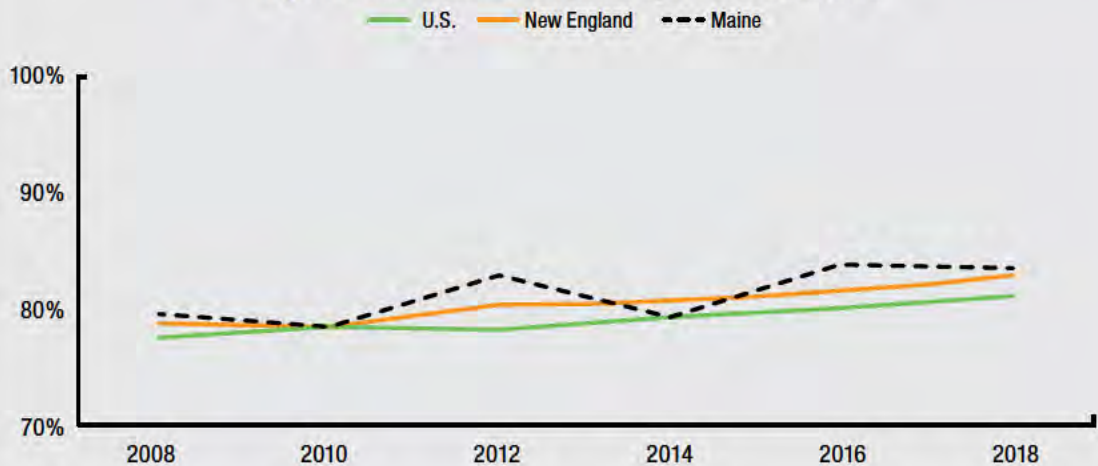
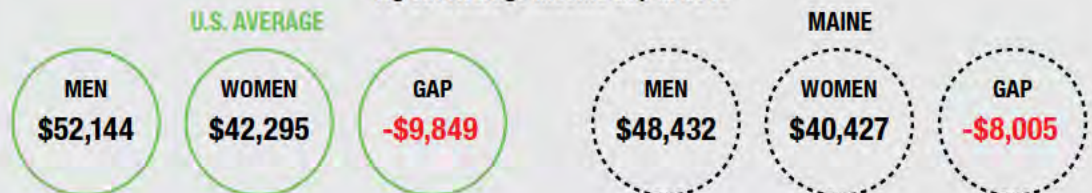


Fig 3b: Average Income Gap In 2018



4 - Racial/Ethnic Income Equity



The average per-capita income of Mainers of all racial and ethnic groups will be equal by 2030

This measure uses the five-year average per-capita incomes of Mainers of different races and ethnicities, a combined measure based on estimates from the U.S. Census Bureau*.

From 2014 to 2018, the average per-capita income of White, non-Hispanic Maine residents (93% of the state's population) was \$32,050. This is 61% above the \$19,920 average for Maine residents of all other races and ethnicities (7% of the population). In other words, for every \$3 made by White households, other households made about \$2.

More detail on differences among racial and ethnic groups exists in data sets on poverty. U.S. Census Bureau multi-year estimates from 2014-2018 suggest that Mainers whose race or ethnicity was anything other than non-Hispanic white or Asian were almost twice as likely to be living in poverty as other Mainers. Asian Maine residents had an 11% poverty rate, compared with 12% among Whites, 21% for Hispanic/Latino residents, 25% for Multiracial Mainers, 34% among American Indian & Alaska Natives, and 37% for Black or African American Mainers, the highest rate of the racial/ethnic groups.

**The relatively small (but growing) number of people of color living in Maine makes it challenging to present detailed information from survey samples on race/ethnicity breakdown of wages and incomes. Thus, Council researchers aggregated data across several years for better reliability.*

Fig 4a: Average Per-Capita Income, 2014-2018



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

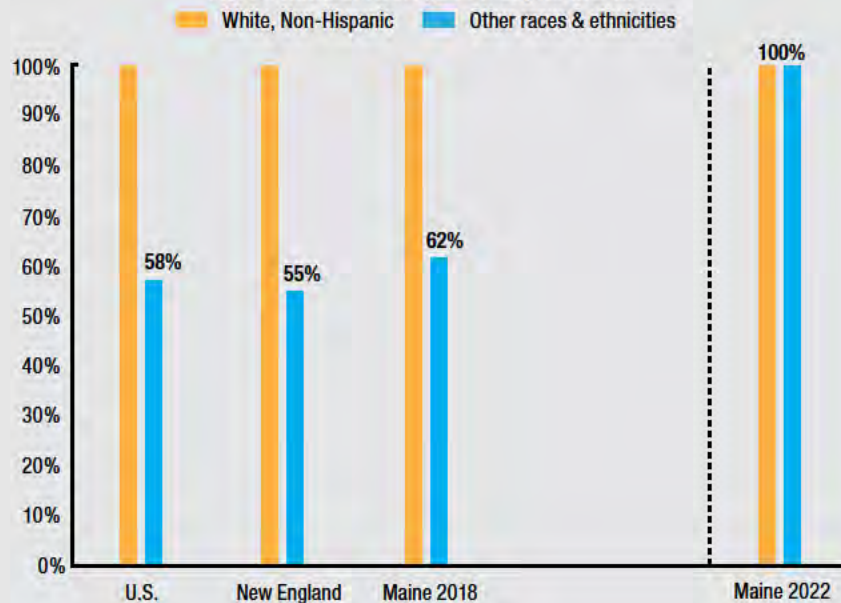
4 - Racial/Ethnic Income Equity (continued)

Fig 4b: Maine Poverty Rate by Race/Ethnicity 2014-2018

| Race/Ethnicity | Population | Poverty Rate |
|-------------------------------------|------------|--------------|
| White, not Hispanic or Latino | 1,213,926 | 12% |
| Two or more races | 27,483 | 25% |
| Hispanic or Latino (of any race) | 20,195 | 21% |
| Black or African American | 16,599 | 37% |
| Asian | 13,906 | 11% |
| American Indian & Alaska Native | 8,046 | 34% |
| Other | 2,784 | 13% |
| Native Hawaiian & Pacific Islanders | 318 | 41% |

These racial disparities are similar to those in New England and the United States. To counter this trend, Maine must confront racism and cultural biases, better support minority communities, and improve access to employment, capital, training, education, and health care for people of color.

Fig 4c: Ratio of Average Per-Capita Income



Source: U.S. Census Bureau, American Community Survey, 2014-2018 average

5 - Total Employment



The total number of jobs in Maine will increase each year

Our employment measure is annual job growth. Jobs are a critical source of income, health insurance, and community for individuals and families. Maine's total employment continued to grow in 2019, adding another 5,100 jobs for a total of 635,500 jobs. The sector with the largest employment increase in 2019 was health care and social assistance, followed by manufacturing, government, and financial activities. Health care & social assistance (17%) and government (16%) are the sectors with the most jobs in Maine.

The jobs picture will be quite different in 2020. From January to August, overall employment is 46,000 (7%) below 2019 levels. Employment in leisure and hospitality has been hit particularly hard, down 18,000 (27%) through August 2020.

Fig 5a: Total Nonfarm Wage and Salary Employment, 2008-2019

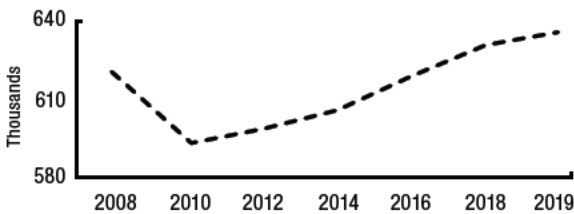
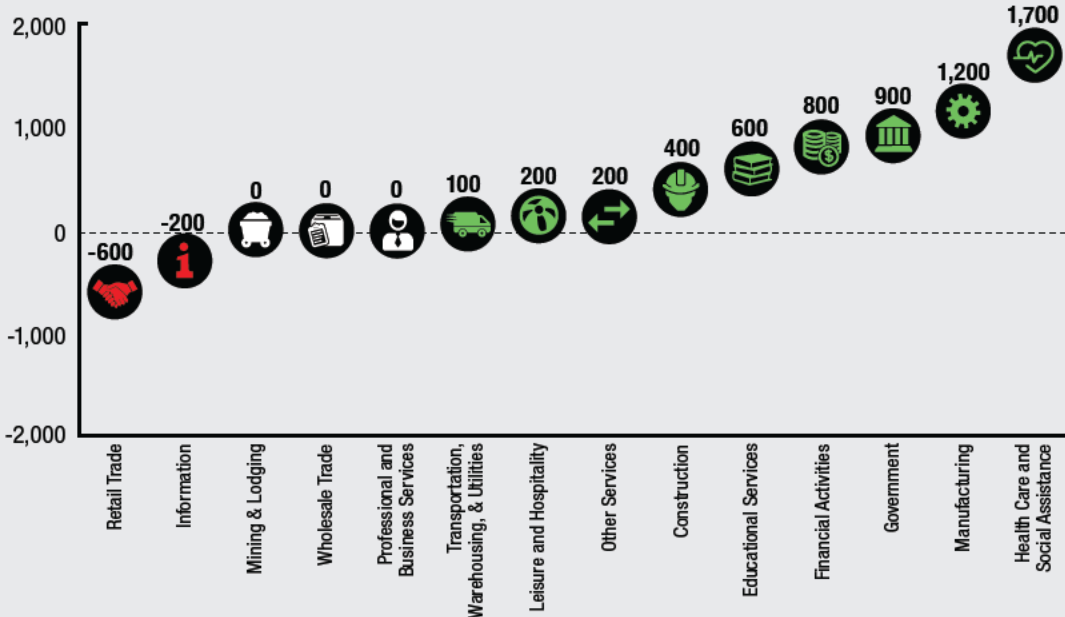


Fig 5c: Employment in Maine by Selected Sectors 2019

| | Employment | % of Total |
|--|------------|------------|
| Health Care and Social Assistance | 106,600 | 16.8% |
| Government | 101,200 | 15.9% |
| Retail Trade | 80,400 | 12.7% |
| Professional and Business Services | 69,400 | 10.9% |
| Leisure & Hospitality | 69,200 | 10.9% |
| Manufacturing | 53,300 | 8.4% |
| Financial Activities | 32,900 | 5.2% |
| Construction | 29,800 | 4.7% |
| Educational Services | 22,700 | 3.6% |
| Other Services | 22,400 | 3.5% |
| Wholesale Trade | 19,500 | 3.1% |
| Transportation, Warehousing, and Utilities | 18,700 | 2.9% |
| Information | 7,200 | 1.1% |
| Mining & Logging | 2,000 | 0.3% |

Fig 5b: Employment Growth in Maine By Selected Sectors, 2018-2019



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

6 - Workforce



Maine's labor force will increase to 700,000 by 2030

This measure tracks the total number of people in Maine's labor force. A skilled and educated workforce is a key element of a healthy economy. As baby boomers retire, the ranks of younger Maine workers are smaller. This has contributed to a slow decline in Maine's workforce, equal to about 350 workers per year since the end of the Great Recession. This number is tiny compared to the 690,000 people in Maine's labor force in 2019. Yet, it signals the beginning of a trend. From 2018 to 2019, the workforce shrank by 2,900 people.

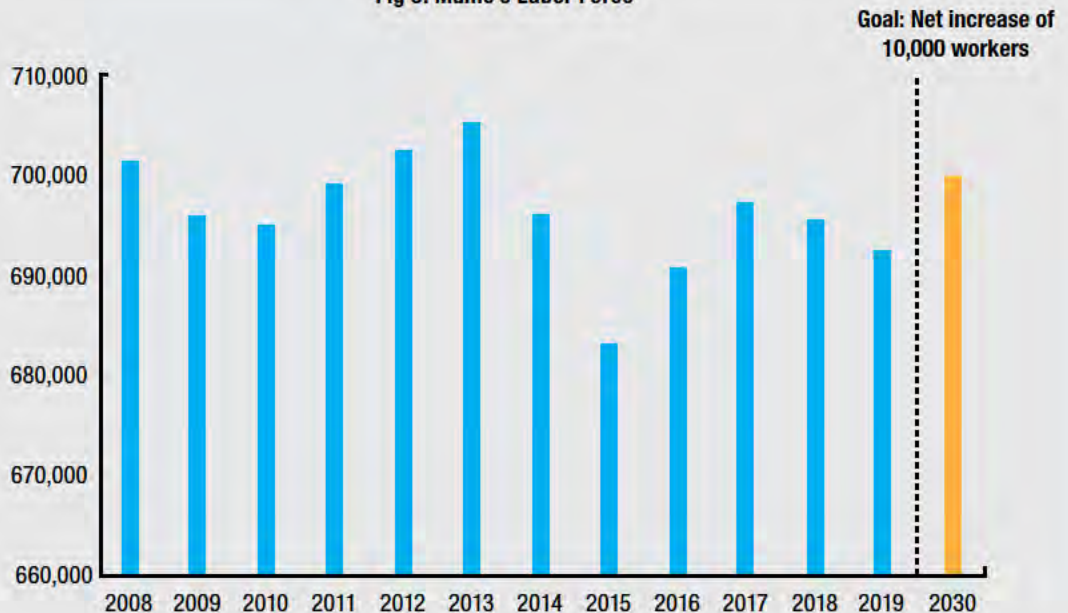
To counter this trend, Maine must retain more young people who are born here, attract more young people from other states and countries, and help more Mainers participate in the workforce. This support could include increased access to childcare, reduced schedules for older workers, and outreach to people with disabilities, veterans, disengaged youth, and other groups.

Factors influencing the size of Maine's labor force include:

- As Maine's population ages, the percentage of traditional working-age residents (18-64 years) fell to 60% in 2019, compared with 61% nationwide. This percentage varies across the state; Cumberland and York counties saw increases in working-age population from 2010 to 2019, while Aroostook, Piscataquis, and Washington counties saw declines of more than 10%.
- From 2018 to 2019, Maine saw positive net migration of about 5,600 people, mainly from other states.
- At the end of 2019, Maine's labor force participation rate was about 62%, just below the U.S. rate of 63%. These rates have been declining in both Maine and the U.S. since about 2000.

This metric replaces our previous measure Working Age Population to align with the goal of Maine's Ten-Year Economic Strategy. The plan seeks to increase Maine's labor force by 75,000 above the current projections for 2030, which show a 65,000 decline. The result would be a net gain of 10,000 workers in 2030, or about 700,000 workers total.

Fig 6: Maine's Labor Force



Source: U.S. Bureau of Labor Statistics

7 - Value Added per Worker



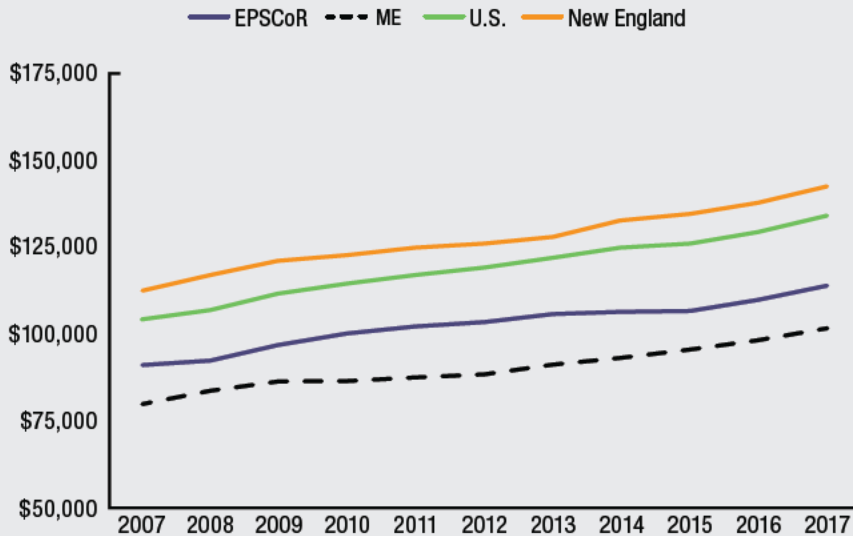
Maine's value added per worker will improve to within 15% of the U.S. average by 2020

This indicator measures the productivity of workers by dividing gross domestic product by the total number of part- and full-time workers. Maine has a relatively high proportion of part-time workers, which lowers our value added per worker. Worker productivity is affected by education and skill levels, business costs, infrastructure, and major industries in a region's economy.

Worker productivity in Maine has steadily increased, but it is among the lowest of the 50 states. Our value added per worker increased from \$78,694 in 2008 and \$97,201 in 2017 to \$100,463 in 2018. This is the lowest of the New England states, well below the EPSCoR states average, and 25% behind the national average. From 2017 to 2018, Maine moved from 46th to 47th among the 50 states in value added per worker.

Maine's Ten-Year Economic Strategy aims to increase value added per Maine worker 10% by 2030. The skills of Maine workers, and the tools and resources available to them, influence the value of the products and services they create. Adjusted for inflation, the value added per worker in Maine increased 1.1% in 2018. The ten-year strategy aims for absolute growth in Maine regardless of national economic events. By comparison, our benchmark aims for Maine to improve its standing relative to the U.S.

Fig 7: Value Added per Worker 2008-2018



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

8 - Gross Domestic Product

The growth of Maine's GDP will outpace that of New England and the U.S.

Maine's gross domestic product (GDP) provides a sense of our overall economic performance. GDP is composed of two types of goods and services: 1) those produced for sale in the market and 2) nonmarket products like government-provided defense equipment or services provided by nonprofit institutions to households.

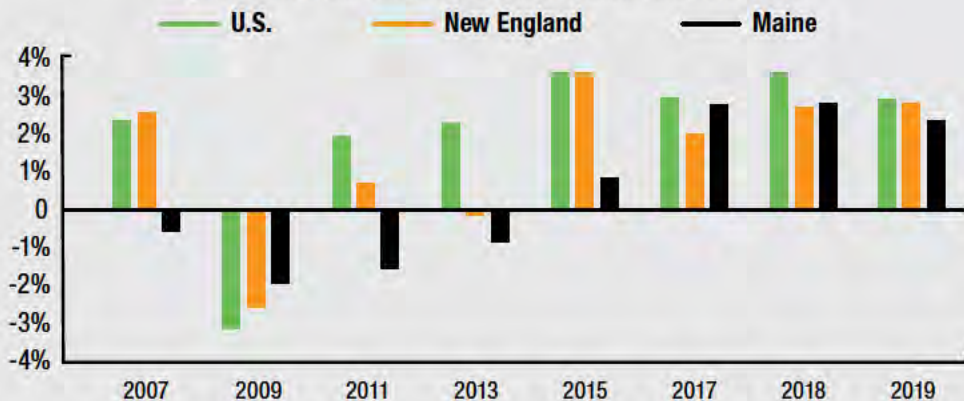
Adjusted for inflation, Maine's GDP grew 1.9% from 2018 to 2019. This trailed the national and New England average of 2.3%. Over the past decade, Maine's GDP has grown 1.0% each year on average (adjusted for inflation), while New England and the U.S. have grown 1.5% and 2.3% per year on average.

Real Estate, Government, Health Care and Social Assistance, and Manufacturing together made up nearly one-half of Maine's GDP in 2019.

Fig 8b: Maine's Real Gross Domestic Product By Major Industry Sector 2019

| Industry Sector | GDP Millions of Dollars | % of Total | % Change 2018-19 |
|--|-------------------------|------------|------------------|
| Real Estate | \$9,690 | 14% | 4.0% |
| Government | \$9,244 | 14% | 3.7% |
| Health Care and Social Assistance | \$8,071 | 12% | 5.1% |
| Manufacturing | \$6,278 | 9% | 1.8% |
| Retail Trade | \$5,354 | 8% | 4.4% |
| Finance and Insurance | \$4,252 | 6% | 2.9% |
| Prof., Scientific & Technical Services | \$3,863 | 6% | 4.7% |
| Wholesale Trade | \$3,681 | 5% | 3.9% |
| Accommodation & Food Services | \$3,068 | 5% | 5.8% |
| Construction | \$2,497 | 4% | 5.0% |

Fig 8a: Real Gross Domestic Product Growth Rate 2008-2018



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



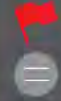
ECONOMY

IN KEEPING WITH THE ENTREPRENEURIAL SPIRIT





9 - Research and Development Expenditures

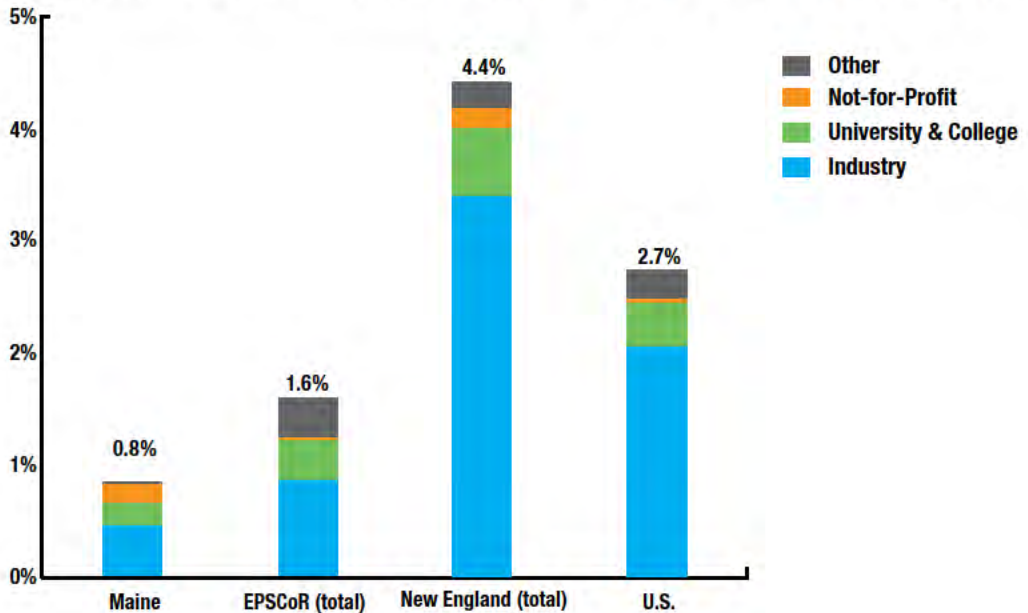


Maine Trails Badly in R&D Investment

Benchmark: Maine's total spending on research and development will reach 3% of the state's total gross domestic product by 2020.

Source: Camoin Associates, National Science Foundation

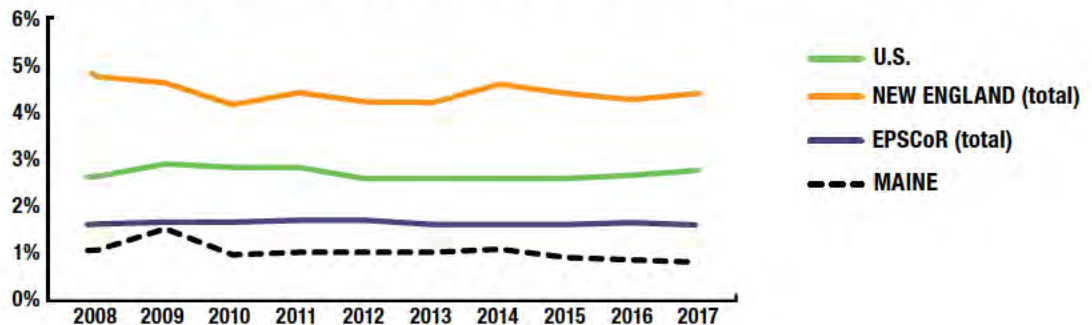
TOTAL PERCENT OF GDP TOWARD R&D BY MAJOR PERFORMANCE SECTOR, 2017



Research and development (R&D) spending is an indicator of the level of innovation in an economy, the ultimate driver of most economic growth. Maine has robust policies in place to evaluate R&D investments, ensure healthy competition, and promote collaboration between industry, non-profits, and the University System, but we are not making regular, sustained investments in R&D.

In 2017, Maine's total spending on R&D was \$520 million, up from \$483 million in 2016. R&D spending in Maine represents 0.8% of total GDP, which ranks 46th of the 50 states and is one-half of the estimated 1.6% average among EPSCoR states. Maine particularly lags other states in private sector and university R&D investments relative to GDP, while Maine's non-profit sector contributes a higher proportion of total R&D investment compared with other states.

Total R&D Spending as a Percent of Gross Domestic Product 2008 - 2017

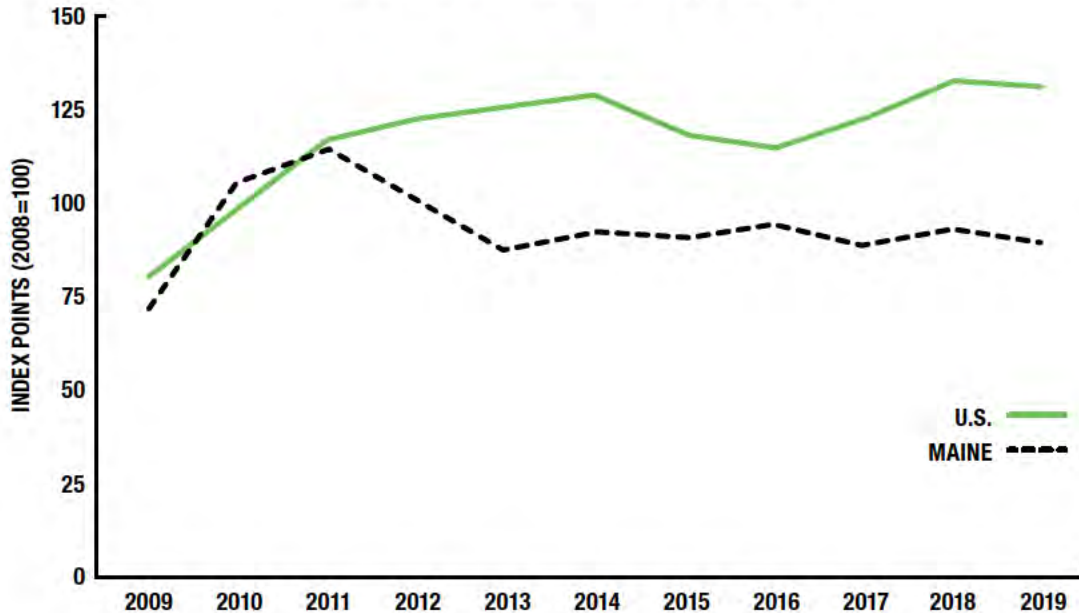


10 - International Exports

— Maine Exports Decrease at Faster Rate than U.S.



INTERNATIONAL EXPORTS, 2009-2019



Benchmark: Maine's international exports will grow at a pace faster than U.S. international exports.

Source: Maine International Trade Center

International export markets provide growth opportunities for Maine businesses. Maine saw a 4% drop in exports from 2018 to 2019; U.S. exports fell 1.4%. Maine's international trade index peaked in 2011 and has been relatively flat since 2013.

Among Maine's top traded products, exports of aircraft machinery, paper, and industrial machinery increased in 2019, while exports of lobsters, semi-conductors, wood and wood pulp declined. Canada remained Maine's leading trade partner, with \$1.4 billion in exports, followed by China, Malaysia, Italy, and Japan.



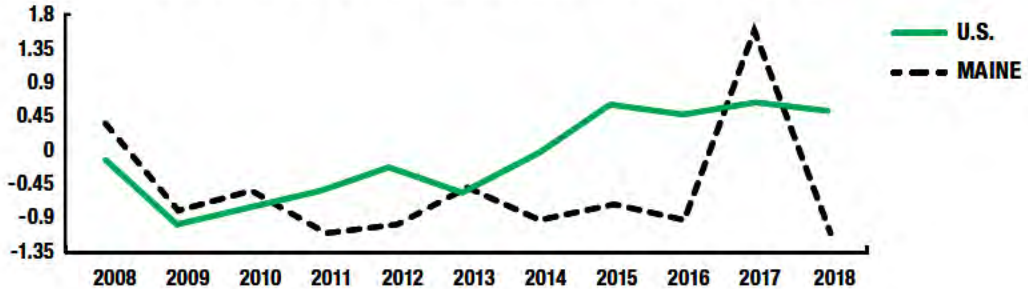
11 - Entrepreneurship

— Maine Startup Early Survival Rate Is Volatile

Benchmark:
Maine will meet or exceed the U.S. early-stage entrepreneurship index through 2020.

Source:
Kauffman Foundation

EARLY-STAGE ENTREPRENEURSHIP INDEX, 2008-2018



This measure presents an index¹³ made up of four indicators of early-stage entrepreneurship: 1) the rate of new entrepreneurs, 2) the opportunity share of new entrepreneurs, 3) startup early job creation, and 4) startup early survival rate. The creation of new businesses is a vital economic activity. Entrepreneurship contributes to innovation, creates jobs, and builds wealth. Ensuring that Mainers have the skills to take advantage of opportunities in the economy, access to capital, supports for starting and scaling businesses, and connections to human capital will help to sustain our recent improvement in early-stage entrepreneurship.

New entrepreneurs are a small population in Maine, and their numbers and outcomes tend to fluctuate widely from year to year. In 2018, Maine dropped to a 50-state ranking of 43rd, from 6th place in 2017 and 37th in 2015 and 2106. From 2017 to 2018, our first-year startup survival rate dropped from one of the highest (88%) to one of the lowest in the country, 72%. In 2018, Maine was 17th among the 50 states in opportunity share of new entrepreneurs, 22nd in the rate of new entrepreneurs, 34th in startup job creation, and 49th in startup early survival rate.

¹³ Last year, the Kauffman Foundation created a new Early-Stage Entrepreneurship Index with four components: **rate of entrepreneurs** measures the proportion of the adult population that became entrepreneurs, including incorporated and unincorporated businesses with or without employees. **Opportunity share of new entrepreneurs** is the proportion who were not unemployed before starting their business—a proxy indicator of starting a business because of market opportunity rather than out of necessity. **Startup early job creation** measures total employment generated by startups in their first year. **Startup early survival rate** is the percentage of new establishments that survive their first year of operation.

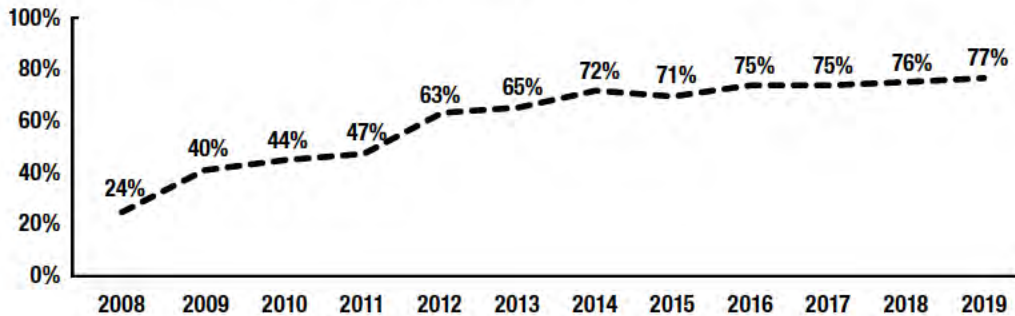
12 - Prekindergarten Education



Investments in Early Childhood Development are Vital to Future Success for Maine



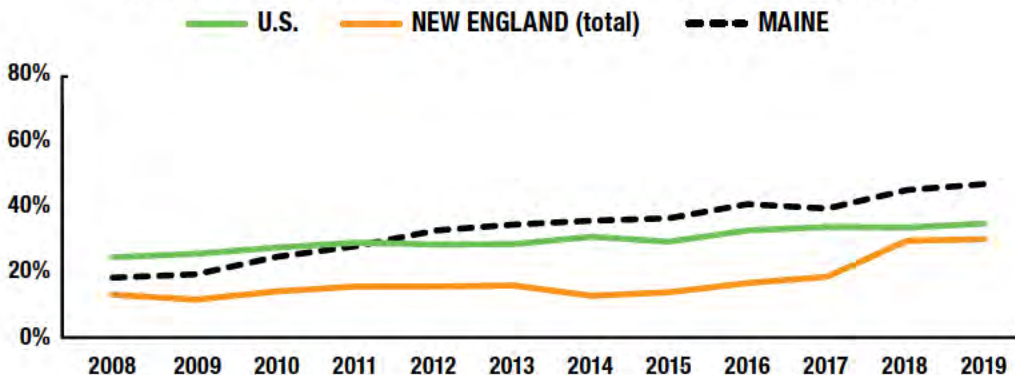
Maine Public School Districts Offering Pre-K Programs



Benchmark: 100 percent of Maine school districts offer public pre-K for 4-year-olds by 2025.

Sources: Maine Department of Education; National Institute for Early Education Research and KidsCount Data Center

Share of Four-Year-Olds Enrolled in Public Pre-K Programs



High-quality, affordable child care is critical to Maine’s economic development. We know that preparing the youngest Mainers for success in school and supporting their parents’ full participation in the workforce are areas that need improvement. While data on high-quality early child care and education is limited for ages birth to three, all indications are that Maine needs to invest more in order to improve access. Public prekindergarten (pre-K) programs for four-year-olds offered by Maine school districts are currently the earliest reliable data on this topic.

One of Maine’s Ten-Year Economic Strategy goals is to “improve the quality of care in our early childhood system by supplementing salaries for early childhood educators, rewarding them for their experience in the field and completing postsecondary programs.”

The proportion of Maine school districts offering public pre-K programs has increased threefold over the past decade. This reflects recent investments that extended state funding to support the creation and expansion of these programs. By 2019-20, 77% of districts offered free public pre-K. The Maine Children’s Cabinet’s goal is that all districts offer these programs by 2025. The Growth Council has adopted this goal as its benchmark.

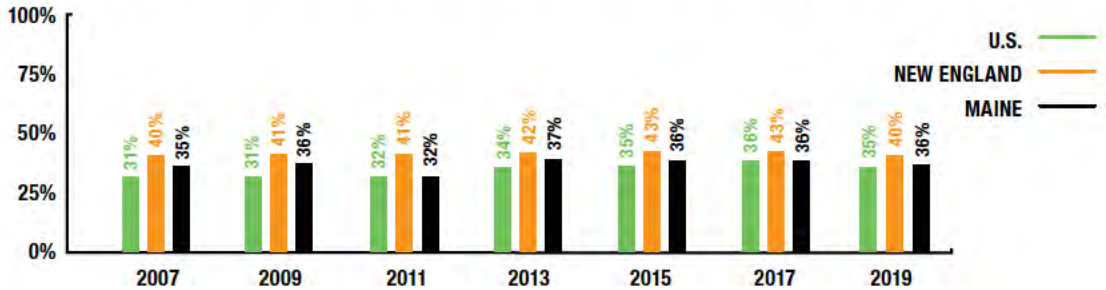
U.S. Census data show that public pre-K enrollment in Maine has grown but could improve much more. In 2018-19, 46% of four-year-olds in Maine were enrolled in public pre-K, well above the U.S. average of 34% and the New England average of 30%. Continued improvement in this measure is likely to have a positive impact on student academic proficiency in later grades.



13 - Fourth-Grade Reading

Early School Performance Stable But Maine Looking to Improve

PERCENTAGE OF 4th GRADERS SCORING PROFICIENT OR ABOVE, 2009-2019



Benchmark: The percentage of Maine students scoring proficient and above on NAEP will reach 50% by 2020.

Source: National Center for Education Statistics, National Assessment of Educational Progress (NAEP) *New England average is unweighted.*

Fourth-grade reading scores are an indicator of future outcomes like educational attainment, employment, and earnings. Fourth-grade reading proficiency is defined as solid academic performance and competency over challenging subject matter, application to real-world problems, and appropriate analytical skills. The National Assessment of Educational Progress (NAEP) tests representative samples of fourth and eighth graders every other year to allow national and state comparisons.

The proportion of Maine fourth graders meeting NAEP's proficiency benchmark in reading has not improved over the past decade. In 2019, 36% of Maine fourth graders were proficient in reading, the same proportion as in 2015 and 2017. Maine fourth-grade reading performance is one percentage point above the national average and trails the New England average by four points.

4th GRADERS SCORING PROFICIENT OR ABOVE IN 2019



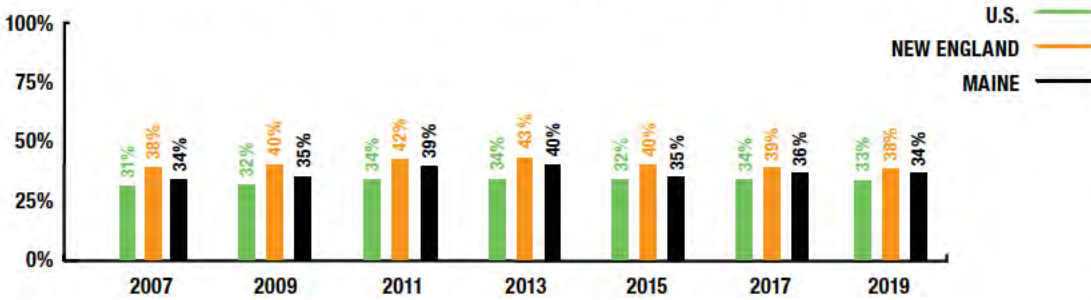
14 - Eighth-Grade Math



Improvement Needed to Help Maine Students and Economy



PERCENTAGE OF 8th GRADERS SCORING PROFICIENT OR ABOVE, 2007-2019



Benchmark: The percentage of Maine students scoring proficient and above on NAEP will reach 50% by 2020.

Source: National Center for Education Statistics, National Assessment of Educational Progress (NAEP) *New England average is unweighted.*

Eighth-grade math scores reflect foundational skills and indicate that students are on track for college and career readiness. Math is a cornerstone of the STEM (science, technology, engineering, and math) disciplines, career fields and job skills that are growing and pay well. Math addresses knowledge and skills to solve problems, make sense of information, and accurately gather and evaluate evidence to make decisions.

Eighth-grade math proficiency is defined as solid academic performance and competency over challenging subject matter, application to real-world problems, and

appropriate analytical skills. The National Assessment of Educational Progress (NAEP) tests representative samples of fourth and eighth graders every other year to allow national and state comparisons.

The proportion of Maine eighth graders meeting the NAEP math proficiency benchmark increased from 34% in 2007 to 40% in 2013 but has since fallen back to 34% in 2019. Maine eighth-grade math proficiency was one percentage point above the national average of 33% but trailed the New England rate of 38% by four points.

8th GRADERS SCORING PROFICIENT OR ABOVE IN 2019





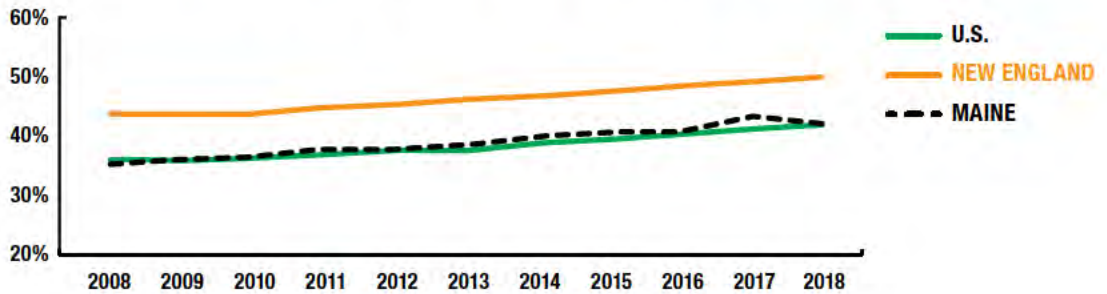
15 - Postsecondary Education and Credentials



Improving Postsecondary Educational Attainment a Top Priority

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

POSTSECONDARY DEGREE ATTAINMENT, RESIDENTS AGE 25 AND OVER, 2008-2018



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

This indicator presents the proportion of adults that hold an associate’s, bachelor’s, graduate, or professional degree. Education contributes to economic growth through increased workforce participation, employment, earnings, productivity, and tax revenue. Education prepares people to meet the current and future needs of employers and to create opportunities for themselves and others. The statewide MaineSpark coalition of education institutions, nonprofits and foundations, government agencies and businesses has committed to the common goal that by 2025, 60% of Mainers will hold education and workforce credentials that position Maine and its families to succeed.

Postsecondary degree attainment in Maine has been at or just above the national average—but has trailed the New England average—since 2008. Maine’s postsecondary degree attainment improved from 34% in 2008 to 41% in 2018, equal to the national average, but well below the New England average of 49%. Maine has 148,000 working age (25-64) adults with some college education but no degree.

Non-degree pathways to success in today’s economy include credentials like professional certifications, licensures, digital badging, and service in the armed forces. Maine’s public higher education institutions are actively working to make workforce credential programs lead to degrees. Historically, these credentials have not been widely tracked, but recent efforts have created more comprehensive estimates. The Lumina Foundation reports that an additional 7.8% of Maine working-age adults without postsecondary degrees held occupational credentials in 2018, above the New England average of 6.4% and just below the national average of 8.1%.

Adult Degree Attainment Rates, 2018

| | Associate’s | Bachelor’s | Graduate or Professional | Short-Term Credential Only* |
|---------------|-------------|------------|--------------------------|-----------------------------|
| Maine | 9.7% | 20.1% | 11.4% | 7.8% |
| New England | 8.2% | 22.8% | 17.6% | 6.4% |
| United States | 8.6% | 20.0% | 12.6% | 8.1% |

* Working-age adults only, Lumina Foundation, *A Stronger Nation*
New England credentials average is unweighted.

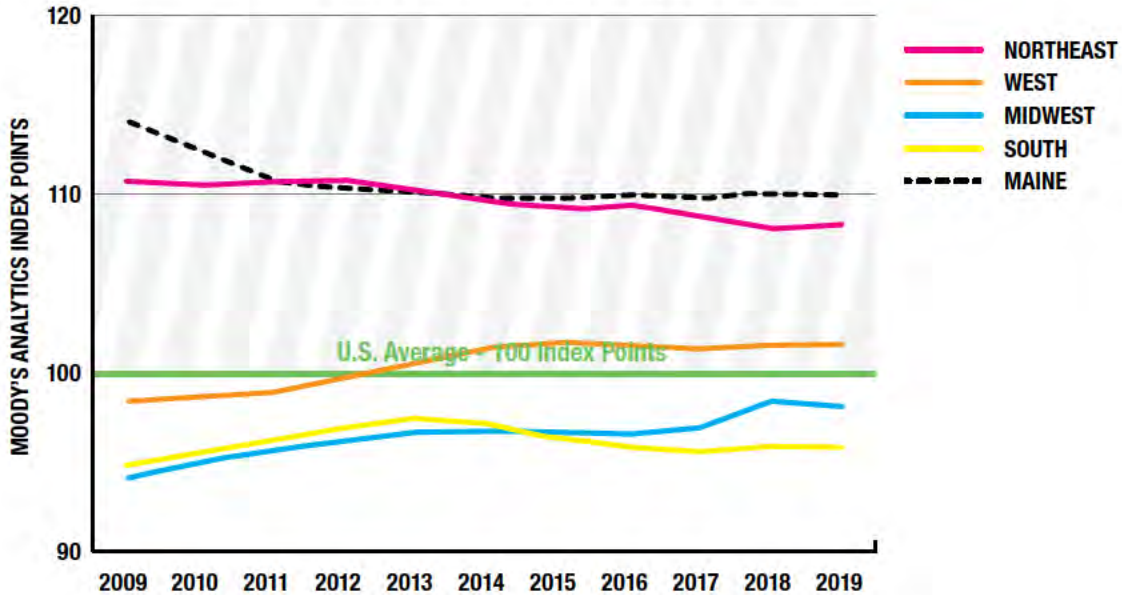
16 - Cost of Doing Business



Business Costs in Maine Remain Above National and Regional Averages



COST OF DOING BUSINESS, 2009-2019



Benchmark: Maine's cost of business will decline to the U.S. average by 2020.

Source: Moody's Analytics

Moody's Analytics' cost of doing business index is a weighted scale of labor costs (wages, benefits, and productivity), commercial and industrial electricity costs, and state and local tax burden.

Maine's cost of doing business index value was 112 in 2007, rose to a high of 114 in 2008-2009, and has been stable at 110 since 2012. In 2019, Maine's cost of doing business ranked 7th highest in the U.S., ranking worse than New Hampshire, Rhode Island, and Connecticut, and better than Massachusetts and Vermont. In the U.S., the Northeast has much higher business costs than the other three regions of the country, and Maine's cost of doing business has been worse than the Northeast average for the past four years.

2019 New England State Ranks: Business Costs (1 is highest cost)

| | Overall | Labor | Energy | Tax Burden |
|----|---------|-------|--------|------------|
| MA | 2 | 3 | 4 | 28 |
| VT | 4 | 14 | 8 | 4 |
| ME | 7 | 13 | 10 | 3 |
| NH | 8 | 17 | 7 | 51 |
| RI | 9 | 26 | 3 | 8 |
| CT | 13 | 42 | 5 | 15 |



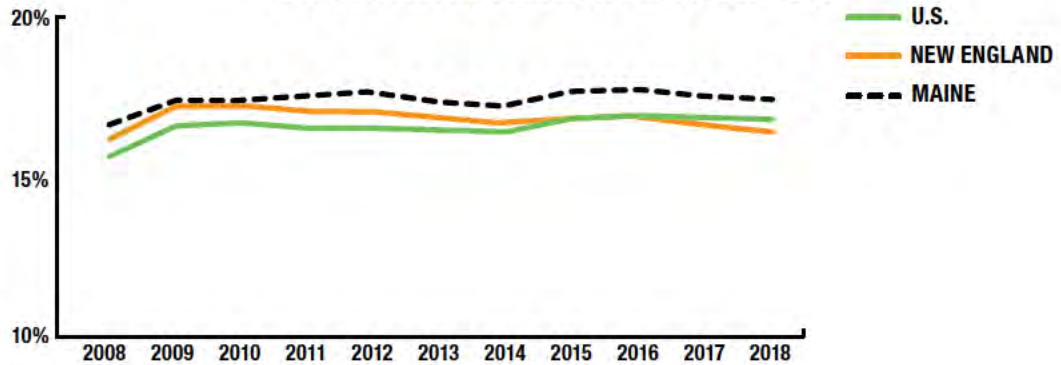
17 - Cost of Health Care

Higher than Average Health Care Costs
a Continuing Challenge for Maine

Benchmark:
Maine's health care spending as a percentage of total personal expenditures will decline to the New England average by 2020.

Source:
U.S. Bureau of Economic Analysis

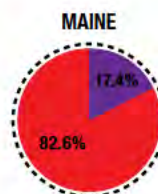
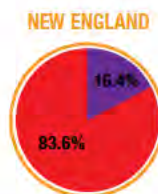
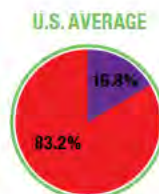
HEALTH CARE EXPENDITURES AS PERCENTAGE OF TOTAL PERSONAL EXPENDITURES, 2008-2018



Our measure of health care costs tracks the percentage of total personal expenditures that are devoted to health care. Maine people and businesses consistently identify the high cost of health care as a major concern.

In 2018, health care spending in Maine stood at 17.4% of all personal expenditures, above the 2008 rate of 16.6%, but at a stable level since 2015. Health care expenditures in Maine are higher than the U.S. and New England rates.

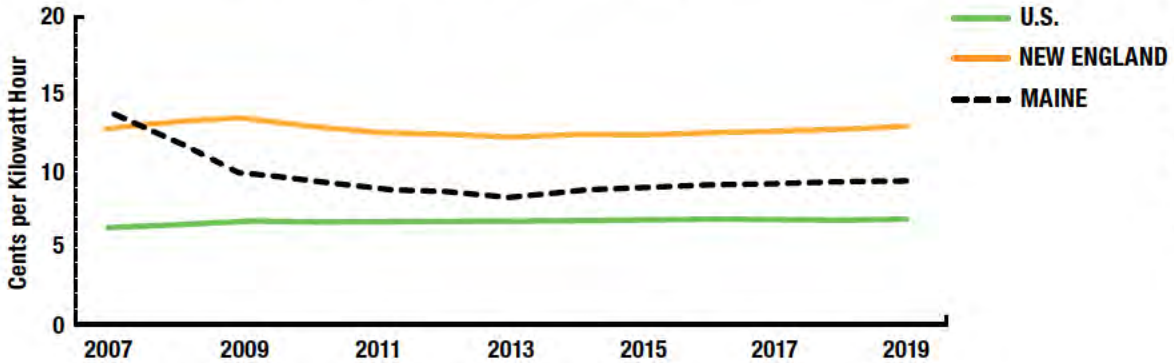
HEALTH CARE EXPENDITURES AS PERCENTAGE OF TOTAL PERSONAL EXPENDITURES 2018



HEALTH CARE
OTHER EXPENDITURES



INDUSTRIAL RETAIL ELECTRICITY PRICE, 2007-2019



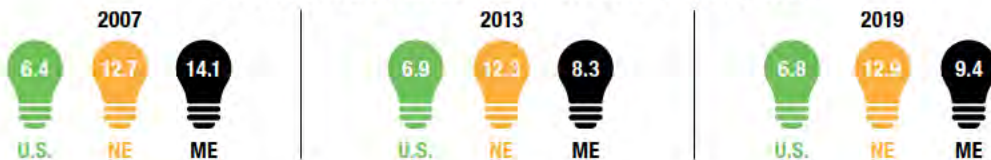
Benchmark:
The cost of electricity in Maine will decline to the U.S. average by 2020

Source:
U.S. Energy Information Administration

This measure tracks average industrial retail electricity prices. The price of electricity is a significant cost for businesses. In Maine’s energy-intensive economy, a small change in the price of electricity can have a big impact. Maine companies compete with those in Canadian provinces, where government-subsidized electricity generation results in lower costs.

The industrial price of electricity in Maine increased slightly from 9.32 to 9.37 cents per kilowatt hour from 2018 to 2019, while the average New England price declined from 13.19 to 12.92 cents and the U.S. average fell from 6.92 to 6.83 cents. Industrial electricity in Maine now costs about 40% less than the New England average and about 37% more than the national average.

INDUSTRIAL RETAIL ELECTRICITY PRICE TREND, 2007-2019





19 - State and Local Tax Burden

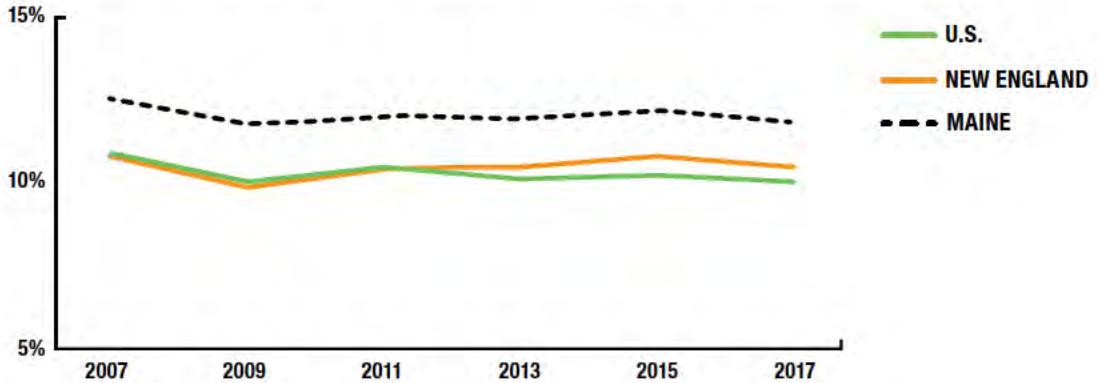


Maine's Tax Burden Drops But Remains Above U.S. and New England Averages

Benchmark: Maine's tax burden will decline and move toward the New England average each year through 2020.

Source: U.S. Census Bureau and Bureau of Economic Analysis

STATE AND LOCAL TAXES AS A PERCENT OF INCOME 2007-2017



The percentage of total personal income paid in state and local taxes (property, sales, income, corporate, motor vehicle, and other taxes) is our tax burden measure. While taxes impose costs on individuals and businesses, they generate revenue for public services and investments. This measure compares tax levels and ability to pay; it can be reduced by lowering tax rates and by increasing income.

State and local tax burden in Maine has remained around 12% of personal income since 2009. The New England average is 10.5%. From 2016 to 2017, Maine's state and local tax burden moved closer to the New England average. Maine ranks 5th highest of the 50 states in state and local taxes as a percentage of income, although this figure does not account for the percentage of sales and property taxes paid by out-of-state visitors and second-home owners. Maine ranks 14th highest among the states in taxes paid per capita, about \$5,300 in 2017.

New England State and Local Taxes 2017 (1 is highest)

| | % of Income | Rank | Per Capita | Rank |
|-----------|--------------|----------|----------------|-----------|
| U.S. | 10.3% | N/A | \$5,086 | N/A |
| NE | 10.5% | N/A | \$6,040 | N/A |
| VT | 12.0% | 4 | \$6,904 | 10 |
| ME | 11.9% | 5 | \$5,304 | 14 |
| CT | 11.1% | 8 | \$7,735 | 2 |
| RI | 11.0% | 9 | \$5,569 | 12 |
| MA | 10.1% | 23 | \$6,569 | 6 |
| NH | 8.8% | 42 | \$4,969 | 18 |

STATE AND LOCAL TAXES AS A PERCENT OF INCOME IN 2017

NEW ENGLAND

10.5%



MAINE

14.9%





COMMUNITY

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20 - Broadband Connectivity

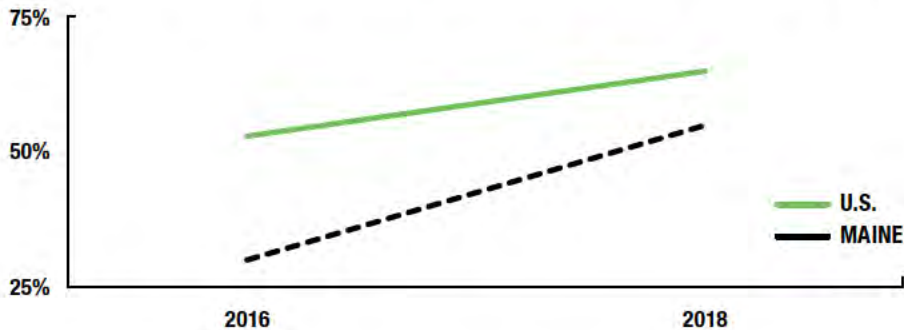


Broadband Service in Maine Improves But Access and Affordability Remain Concerns

Benchmark: Maine will meet or exceed the U.S. percentage of households with a basic broadband internet subscription through 2020.

Source: Federal Communications Commission

HOUSEHOLDS WITH BASIC BROADBAND INTERNET SUBSCRIPTION



Broadband access is vital to participation in the global economy and modern society. In large, rural states like Maine, it is both particularly important and particularly challenging; broadband access bridges distances but providing it in remote areas is costly.

Our measures of broadband connectivity are the proportion of Maine's population with access to basic broadband service (25 Mbps download/3 Mbps upload), and the proportions subscribing to basic and high-speed (50 Mbps download/5 Mbps upload) broadband internet services. While the vast majority of the state (95%) offers access to basic broadband, only 55% of Maine households have broadband subscriptions, compared with 65% nationally. The proportion of Mainers with basic broadband subscriptions rose from 30% in 2016 to 55% in 2018. Half of Mainers (50%) subscribe to high-speed broadband, compared with 61% nationwide.

It is important to note that these internet speeds may not be sufficient for the new volume of use from more Mainers working and learning from home, and for industries such as telehealth. Communities seeking to attract remote workers may need further investments to offer the infrastructure necessary for individuals relying on digital connections.

Statewide, 99.5% of urban residents and 92.8% of rural residents live in areas with basic broadband service. This gap is wider in some counties; for instance, in Waldo, 25% of rural residents lack this service, compared to 0% of urban residents. The urban/rural divide has shrunk considerably in recent years, thanks to the Three Ring

Binder and other infrastructure investments. Adequate, affordable broadband access remains a concern for many Maine households and businesses.

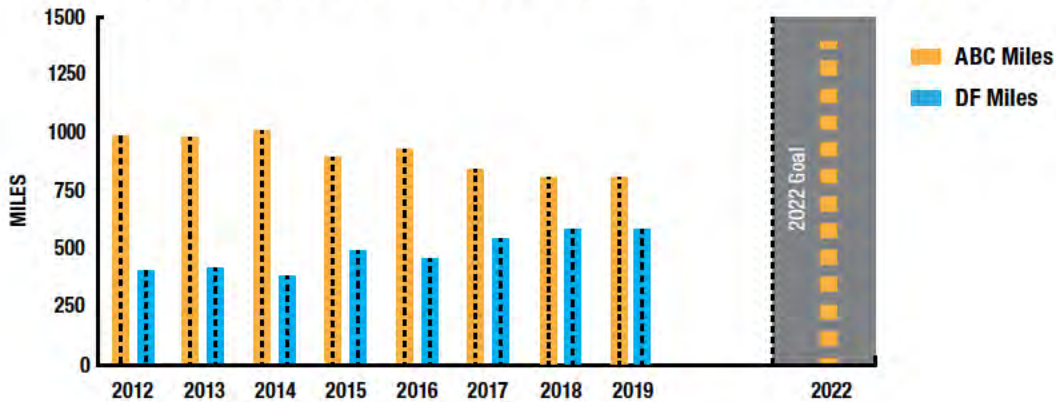
Basic Broadband Service by County, 2018 % of population

| Coastal Counties | Percent |
|------------------|---------|
| Waldo | 77% |
| Hancock | 90% |
| Lincoln | 96% |
| Sagadahoc | 97% |
| Knox | 98% |
| York | 99% |
| Cumberland | 100% |
| Central Counties | Percent |
| Penobscot | 93% |
| Kennebec | 99% |
| Androscoggin | 100% |
| Rim Counties | Percent |
| Piscataquis | 78% |
| Washington | 88% |
| Aroostook | 89% |
| Oxford | 89% |
| Franklin | 91% |
| Somerset | 91% |

Source: Federal Communications Commission



CUSTOMER SERVICE LEVELS FOR HIGHWAY CORRIDOR PRIORITY 1



Benchmark: All highway corridor Priority 1 miles will reach customer service levels A, B, or C by 2022.

Source: Maine Department of Transportation

Maine’s transportation network connects us to each other and to the world. Our roadways carry the clear majority of passengers and freight. Poor road conditions can lead to personal injury, property damage, and extended commute times.

Highway corridors in Maine are prioritized into six levels by traffic volume. The Maine Department of Transportation uses customer-focused engineering measures to track highway safety, condition, and serviceability, and grades them from A (highest) to F (lowest). This measure shows customer service levels for Priority 1 roads—the most-traveled roads—from 2012 to 2019.

In 2019, 816 miles or 58% of Priority 1 highways were graded A, B or C, and 582 miles (42%) received grades of D or F. This shows further, steady decline since 2012 in the proportion of Maine highways receiving top grades

Public transportation is a critical component of a state’s transportation infrastructure. It allows people to access employment and services without a car, and it reduces congestion and pollution. Providing public transportation in Maine’s sparsely populated areas is inherently difficult and expensive. The Maine Department of Transportation estimates that public transit services in Maine provided just 11% of needed trips in 2017.



22 - Housing Affordability

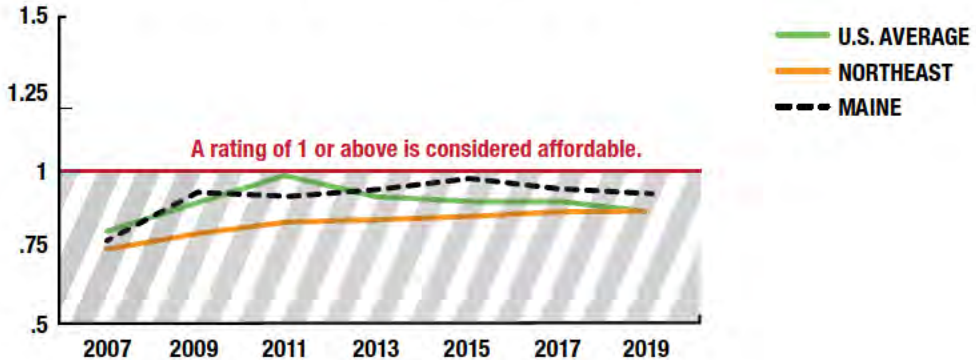


Maine's Better Than Average Housing Affordability in Decline Since 2015

Benchmark:
Maine's housing affordability index will reach and maintain a level around one through 2020.

Source:
MaineHousing

HOUSING AFFORDABILITY 2007-2019



Housing costs are a significant portion of household budgets, and housing affordability reflects broader factors like the supply of housing stock, public policies such as planning restrictions, and lending policies like mortgage availability. Regions with affordable housing are at a competitive advantage in attracting and retaining workers. Affordable housing also has broad positive impacts on health outcomes and childhood development, which benefit individuals and communities.

The housing affordability index compares rental and homeownership costs with median incomes, weighting for the proportions of owner and renter households. An index rating of 1.0 or higher indicates affordability.

Housing is more affordable in Maine than in the United States or the Northeast region. But after improving from 2007 to 2015, housing affordability in Maine has declined slightly in each subsequent year. In 2019, homeownership costs met or exceeded the affordability threshold of 1.0 in nine of Maine's 16 counties, but homeownership was not affordable in coastal Maine. In 2020, Franklin is the only Maine county with affordable rental housing.

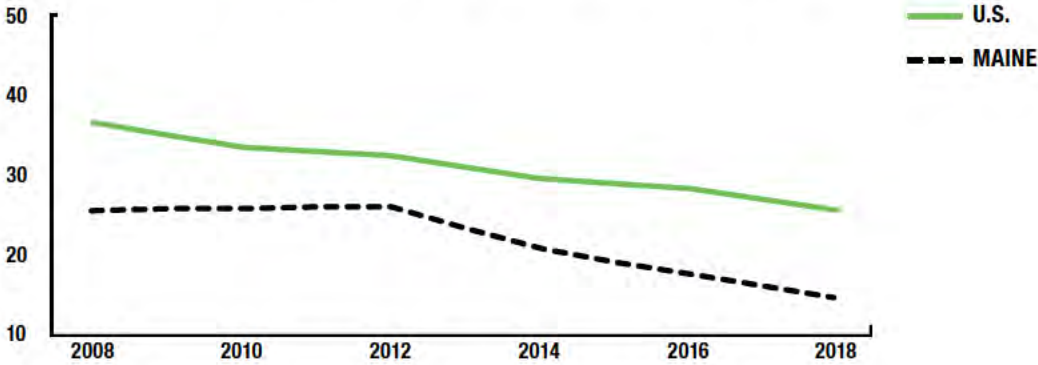
Housing Affordability Index 2019

(an index value of 1.0 or higher is considered affordable)

| | County | Homeownership 2019 | Rental 2020 |
|------------------|--------------|--------------------|-------------|
| Coastal Counties | Cumberland | .79 | .68 |
| | York | .80 | .61 |
| | Knox | .88 | .77 |
| | Hancock | .90 | .58 |
| | Sagadahoc | .91 | .93 |
| | Waldo | .92 | .70 |
| Central Counties | Lincoln | .94 | .78 |
| | Androscoggin | 1.04 | .84 |
| | Penobscot | 1.10 | .76 |
| Rim Counties | Kennebec | 1.12 | .80 |
| | Oxford | 1.00 | .75 |
| | Piscataquis | 1.08 | .83 |
| | Franklin | 1.12 | 1.00 |
| | Washington | 1.13 | .99 |
| | Somerset | 1.17 | .73 |
| | Aroostook | 1.46 | .84 |
| | Maine | .90 | .83 |



REPORTED CRIME RATES PER 1,000 PEOPLE, 2008-2018



Benchmark:
Maine's crime rate will remain 33% or more below the U.S. rate through 2020.

Source:
Maine Department of Public Safety, Maine State Police; Federal Bureau of Investigation

Crime rates are our measure of safety, an important aspect of quality of life. Crime is costly to communities because it depresses property values, discourages investment, and increases insurance premiums. The crime rate includes data on larceny, burglary, aggravated assault, motor vehicle theft, rape, robbery, arson, and murder.

Maine's crime rate in 2018, 14.7 per 1,000 residents, was 43% below the national rate of 25.8 and among the lowest of the 50 states. Property crime in Maine has dropped by 45% since 2008, compared a 32% decline nationwide, while violent crime dropped by 6% in Maine and 17% in the U.S. Maine's violent crimes rates in particular are significantly lower than the nation, and property crime rates have also been falling.



24 - Wellness and Prevention

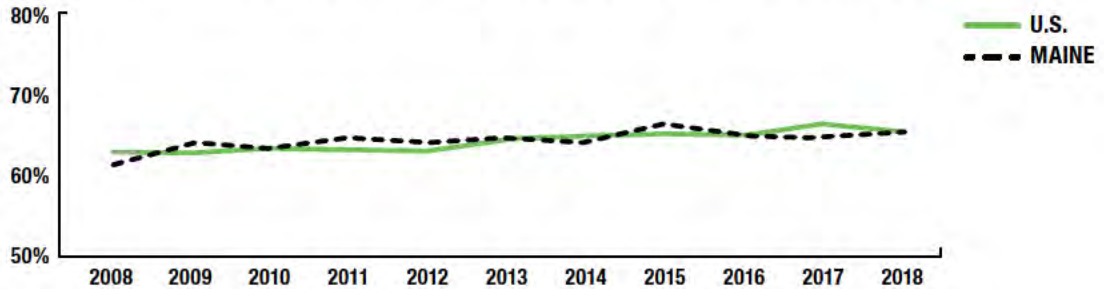


Maine's Obesity and Overweight Rate is Up Over the Decade, at U.S. Average

Benchmark:
The combined percentage of overweight and obese adults in Maine will decline to 50% by 2020.

Source:
U.S. Centers for Disease Control and Prevention

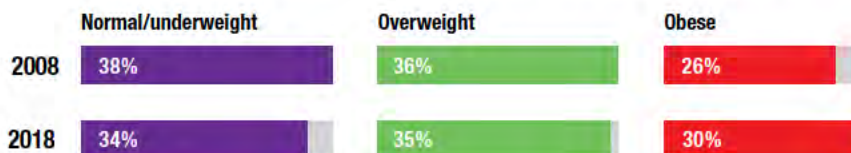
PERCENTAGE OF OVERWEIGHT AND OBESE ADULTS 2008-2018



This indicator measures the proportion of adults who are overweight or obese. Excess body weight increases the risks of chronic diseases like diabetes, heart disease, stroke, asthma, arthritis, and some cancers. These conditions negatively affect productivity and increase medical expenses.

Two-thirds (66%) of Maine adults were overweight (body mass index of 25 to 29.9) or obese (body mass index of 30 or greater) in 2018. Maine's rate has risen from 63% in 2007 and is equal to the national average.

COMPARING MAINE ADULT BODY MASS INDEX: 2008 AND 2018



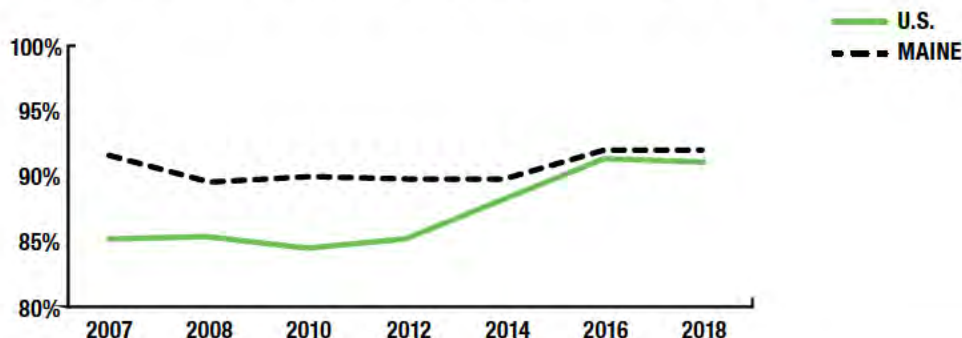
25 - Health Insurance Coverage



Maine's Health Insurance Coverage Stable, Remains Above U.S. Average



POPULATION WITH HEALTH INSURANCE COVERAGE 2007-2018



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

Source: U.S. Census Bureau

This measure tracks Census data on the proportion of the population with health insurance coverage. Higher health insurance coverage rates improve access to health care services, support local health care systems, and boost families' ability to pay for necessities.

The proportion of Maine residents with health insurance coverage declined from 91.5% in 2007—when it exceeded the national average by six points—to 89% in 2013, then rose to 92% in 2016 through 2018. Maine's health insurance coverage rate is one percentage point higher than the national average of 91%, and it rose slightly from 2017 to 2018 while the national rate dropped slightly. An estimated 106,000 people in Maine do not have health insurance coverage. By county, health insurance coverage rates range from 83.7% in Washington County to 91.6% in Cumberland County.

The Census Bureau's Small Area Health Insurance Estimates offer data on racial differences in health insurance coverage in Maine, although it only includes three categories: White alone, Black alone, and Hispanic (any race). In 2018, 90% of White Mainers had health insurance coverage, compared with 86% of Black Mainers and only 78% of Hispanic Mainers.

Population with Health Insurance Coverage 2018

| | County | Rate |
|------------------|--------------|-------|
| Coastal Counties | Cumberland | 91.6% |
| | Sagadahoc | 91.4% |
| | York | 91.4% |
| | Waldo | 88.6% |
| | Knox | 88.3% |
| | Hancock | 87.9% |
| Central Counties | Lincoln | 86.6% |
| | Kennebec | 90.8% |
| | Androscoggin | 90.2% |
| Rim Counties | Penobscot | 88.3% |
| | Franklin | 89.0% |
| | Somerset | 88.3% |
| | Oxford | 88.2% |
| | Piscataquis | 87.6% |
| Aroostook | 86.2% | |
| Washington | 83.7% | |

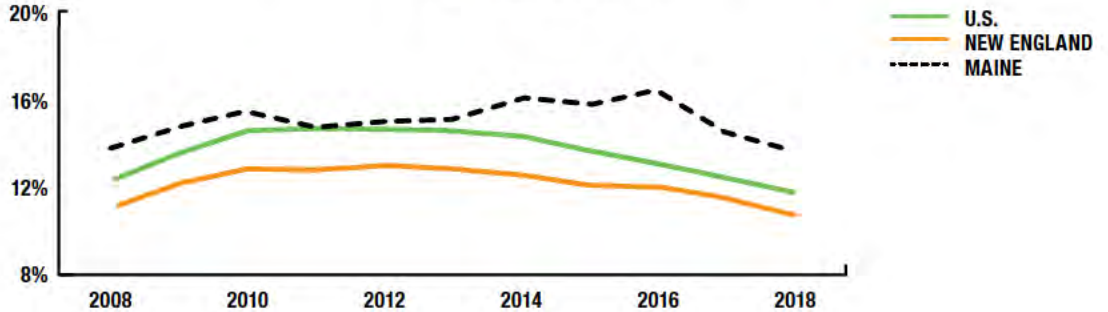
Source: U.S. Census Bureau, Small Area Health Insurance Estimates



Benchmark: Maine's percentage of food insecure households will decline to the U.S. average by 2020

Source: U.S. Department of Agriculture Economic Research Service

FOOD INSECURE HOUSEHOLDS 2008-2018 (3-YEAR AVERAGE)



This measure tracks the proportion of households experiencing food insecurity. Food insecure households have disrupted eating patterns, reduced food intake, and reduced quality or variety of diet. Food insecurity has negative impacts on health, child development, education outcomes, and productivity.

13.6% of Maine households were food insecure in 2016-2018, down from 14.4% in 2015-2017, but still well above the national average of 11.7% and the New England average of 10.6%.

County-level data are from a different source with lower estimates of food insecurity. According to Feeding America, food insecurity rates range from 11% in Sagadahoc, Cumberland, and York Counties to a high of 17.5% in Piscataquis.

Food Insecurity Rates by County, 2018

| | County | Rate |
|------------------|--------------|--------------|
| Coastal Counties | Sagadahoc | 10.5% |
| | Cumberland | 10.7% |
| | York | 10.9% |
| | Knox | 11.8% |
| | Hancock | 12.4% |
| | Lincoln | 12.5% |
| | Waldo | 13.0% |
| Central Counties | Kennebec | 13.1% |
| | Androscoggin | 13.5% |
| | Penobscot | 14.3% |
| Rim Counties | Franklin | 12.5% |
| | Oxford | 14.3% |
| | Washington | 16.3% |
| | Aroostook | 16.4% |
| | Somerset | 16.6% |
| | Piscataquis | 17.5% |
| | MAINE | 12.9% |

Source: Feeding America



ENVIRONMENT BY LAND, LAKE, SEA AND STREAM





27 - Air Quality

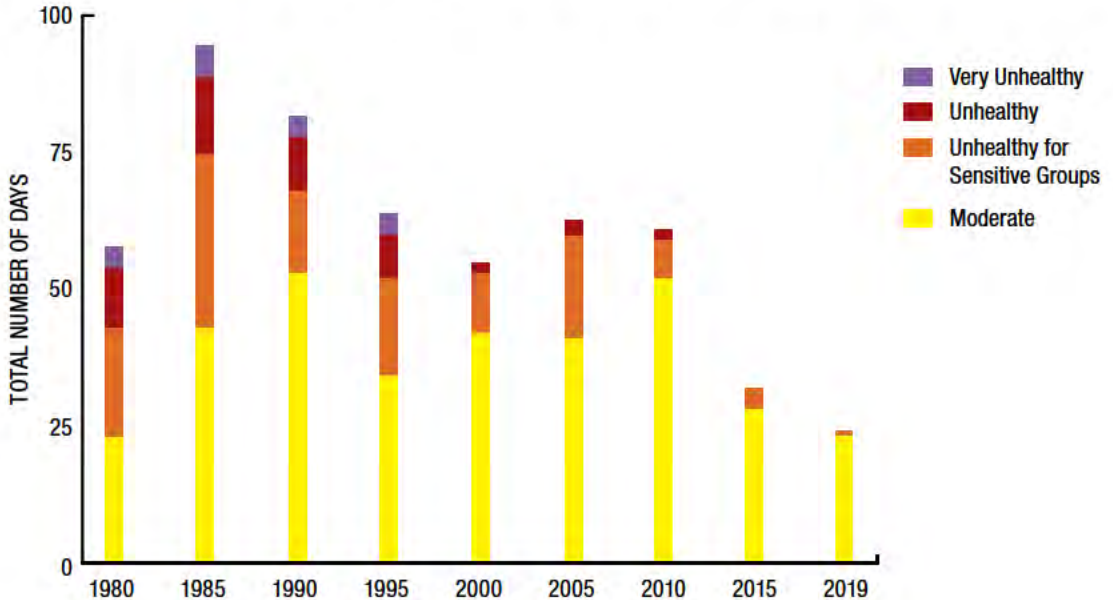


Unhealthy Air Days in Maine Reach New Low

Benchmark:
The overall number of days classified as a health risk and the severity of risks will be maintained through 2020.

Source:
Maine Department of Environmental Protection

MAINE ANNUAL AIR QUALITY INDEX 1980-2019

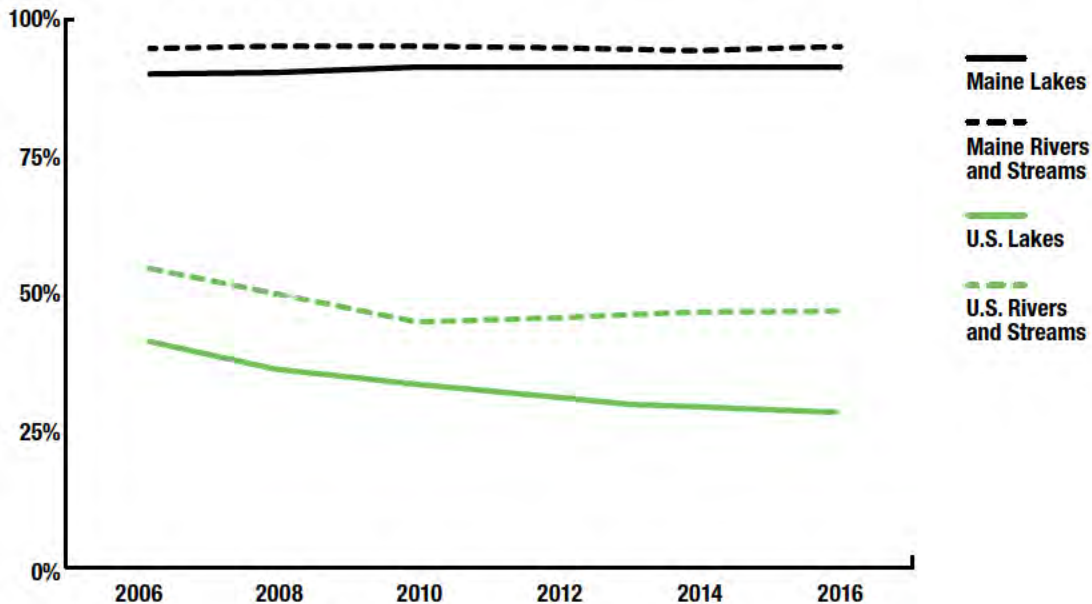


The air quality index is based on ozone levels in parts per billion and tracks the number of days each year when the maximum ozone level recorded in the state reaches moderate or unhealthy levels. Maine's air quality contributes to health and wellness, and makes it an attractive place to live, do business, and visit. Air quality is subject to factors both within and beyond our borders.

In 2019, there were 23 moderate air quality days, and 1 day was rated unhealthy for sensitive groups. These are the lowest figures to date. After declining in the 1980s and 1990s, air quality in Maine has improved substantially, and is better than other Northeastern states.



WATER BODIES RATED CATEGORY 1 OR 2 (GOOD), 2006-2016



Benchmark:
The percentage of Maine's assessed water bodies classified as Categories 1 or 2 will be maintained over time.

Source:
Maine Department of Environmental Protection, Bureau of Water Quality, and U.S. Environmental Protection Agency. 2016 U.S. data spans multiple years in some states.

This measure is based on Maine Department of Environmental Protection and U.S. Environmental Protection Agency reports on the water quality of Maine rivers, streams, and lakes. The proportion of water bodies achieving Maine's Category 1 and 2 classifications are compared with U.S. water bodies receiving the Environmental Protection Agency's "good" classification. Maine's rivers, lakes, and streams provide drinking water and support

ecosystems. They are part of the natural environment that supports tourism.

Since 2006, Maine's water quality has remained steady, with 95% of rivers and streams and 91% of lakes achieving Category 1 or 2 in 2016. Nationally, about 47% of U.S. rivers and streams and 29% of the lakes were rated "good." 2018 and 2020 data for this measure are expected soon.



29 - Sustainable Forest Lands

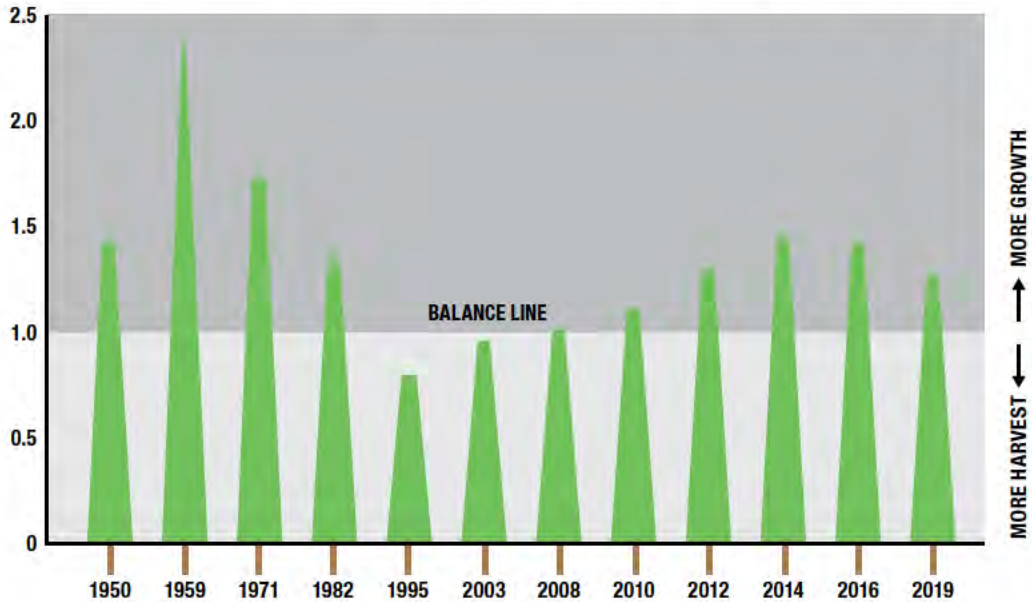


Maine's Growth to Harvest Ratio Is Stable

Benchmark:
A net growth-to-removal ratio of approximately 1:1 will be maintained over time.

Source:
Department of Agriculture, Conservation, and Forestry, Maine Forest Service

TIMBERLAND GROWTH-TO-REMOVAL RATIO, 1950-2019



The sustainable management of Maine's forests is measured by the growth to harvest ratio. A net growth value above one means growth exceeds harvest, and a value below one means harvest exceeds growth. Forests cover nearly 90% of Maine's land area. Private landowners manage 94% of forested acreage, with much of it accessible to the public. Forests provide habitat for wildlife, help protect air and water quality, offer recreational opportunities, and supply

raw materials for products ranging from paper to alternative fuels. Sustainable forestry supports Maine's economy, environment, and quality of life.

Since 2010, Maine has maintained net forest growth-to-removal ratios slightly in favor of growth over harvest. The growth-to-harvest ratio fell slightly from 1.38 in 2018 to 1.27 in 2019.

BACKGROUND

The Maine Economic Growth Council was established by statute in 1993 to develop, maintain, and evaluate a long-term economic plan for Maine. Its members represent a broad and diverse cross-section of Maine's key constituencies. Members are jointly appointed by the Governor, Senate President, and Speaker of the House. The Council is chaired by Steve Von Vogt, President and CEO of Maine Marine Composites. The annual *Measures of Growth* report is a widely used and respected report on Maine's economy. The report has been revised from time to time to provide the most current and meaningful assessment of Maine's progress toward long-term economic growth and a high quality of life for all Maine people. The Maine Economic Growth Council is administered by the Maine Development Foundation (MDF), a private, non-partisan membership organization created in statute in 1978 that drives sustainable, long-term economic growth for Maine. The work of the Growth Council is financed by a state appropriation through the Maine Department of Economic and Community Development, with additional support provided by the membership of MDF.

ACKNOWLEDGEMENTS

The Maine Economic Growth Council and Maine Development Foundation extend their sincere appreciation to the individuals and organizations that generously provided data and guidance in the development of this report. Special thanks to Andrew Crawley of the University of Maine, Jim Damicis of Camoin Associates, George Lindbom and Wade Merritt of the Maine International Trade Center, Donald Mansius of the Maine Forest Service, Glenn Mills of the Maine Department of Labor, State Economist Amanda Rector, Linnea Rogers of MaineHousing, and Martha Webster of the Maine Department of Environmental Protection. This year's report was researched by Catherine deLutio and Lisa Plimpton, designed by Pica, and printed by J.S. McCarthy.

THE NATURE OF DATA

The Growth Council strives to provide the most accurate, timely, and consistent data available. Some source data is regularly revised as methodologies improve and more information becomes available. As a result, the data presented here may differ slightly from that of past reports. The Council accounts for these limitations in identifying overall trends and policy implications.

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