

# MAINE STATE LEGISLATURE

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DRAFT

November 23, 2020

Dear Governor Mills,

As co-chairs of the Governor's Economic Recovery Committee (ERC), we are honored to deliver the committee's recommendations to sustain Maine's people and build a bridge to future economic prosperity in the wake of the COVID-19 pandemic.

The ERC's work for this report, its second and final, was again complicated by the ongoing impact of the COVID-19 pandemic. With infections in Maine and the nation growing rapidly, but needed federal stimulus nonexistent, the economic crisis is hurting Maine families, displacing workers, affecting schools, and causing businesses to face deep uncertainty. This combination makes our bridge to future prosperity seem longer than we hoped, unless COVID-19 is brought under control.

As Federal Reserve [Chairman Jerome Powell said recently](#), "All of us have a role to play in our nation's response to the pandemic. Following the advice of public health professionals to keep appropriate social distances and to wear masks in public will help get the economy back to full strength. A full economic recovery is unlikely until people are confident that it's safe to re-engage in a broad range of activities."

Our first report to you in July outlined immediate stabilization and support measures for Maine people, employers, and infrastructure during the rise of COVID-19. At that time, we noted that preserving public health remains the foundation of our recovery. That remains true today as it was then, and is even more urgent given the ongoing impacts of the virus on our economy.

While this report revisits our July recommendations and repeats our urgent call to our federal delegation and the present and incoming administrations to deliver a next round of stimulus, our focus for this phase was identifying the most critical long-term ideas for to sustain Maine's people and grow our economy, in order to start building that bridge to future prosperity.

Our committee tackled this challenging task to develop these recommendations, which cross Maine's public, private, nonprofit and education sectors. In this situation without historical precedent, we had a wealth of ideas put forward, from all corners of the state. We included what we believed were the most bold, most urgent, most relevant, and most actionable now.

We wish to draw special attention to how the effect of the COVID-19 crisis and recession continues to be sharp, deep, and uneven. Mainers of color, young people, women, and households with children have been hit hardest. This demands that structural change that addresses racial, economic, and geographic inequity be an economic imperative for Maine's recovery.

Despite these ongoing challenges of the virus, our confidence in Maine is unshaken. We believe the following recommendations will get us back to the vision of the State Economic Development Strategy: "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."

On behalf of the ERC, we hope these bold and transformational ideas will inform the tough decisions ahead. Thank you for the opportunity to lead this important work.

With deep respect and gratitude,  
Josh Broder & Laurie Lachance

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# Executive Summary

In May 2020, Governor Janet Mills created the Economic Recovery Committee (ERC) to deliver expert guidance and bold thinking on Maine's economy amid the disruption caused by the global COVID-19 pandemic.

The committee is composed of 40 business leaders and economic experts who represent a variety of industries, experiences, and viewpoints, as well as a bipartisan slate of Maine legislators and designees from each of Maine's four members of Congress.

For this report, the committee's second and final, the ERC worked to identify transformational measures needed to ensure Maine's economic resiliency from the effects of the pandemic. In doing so, the ERC followed the framework of the state's 10-year Economic Development Strategy (EDS). The committee is proud to deliver eight recommendations in this vein, which carry the unanimous support of its members.

These recommendations come as the economic challenges from a resurgent COVID-19 continue unabated. While this was the backdrop for the [ERC's first report in July](#), unlike those early days, the nonexistence of additional federal stimulus now makes the economic conditions facing Maine businesses and nonprofits, families, and people even more dire.

In an ahistorical public health crisis like COVID-19, government must protect its most vulnerable people and create conditions for its businesses and nonprofits to survive, adapt, and thrive. This makes a strong public health infrastructure, promotion of health and safety measures, and preparation for future public health threats foundational for ensuring social stability and driving economic recovery.

While Maine has been among the nation's leaders in managing the virus, the pressure of the pandemic is stretching resources and putting Maine people, families, and businesses at risk. The ERC therefore restates its call on Congress, the current administration, and the incoming administration to deliver further federal stimulus. It was needed in July. It is most urgent now.

This report offers recommendations deemed by the ERC as critical for Maine's long-term recovery. Core recommendations are in two sections: **Grow Maine's Economy**, with bold ideas for innovation, entrepreneurship, workforce training, and talent attraction; and **Sustain Maine People**, with urgent measures for connectivity, childcare, housing, and equity.

## Grow Maine's Economy

These recommendations bring Maine closer to the vision of the state's 10-year Economic Development Strategy, in light of how COVID-19 has shifted priorities and opened new avenues for consideration. These recommendations speak to the possibilities before us in *innovation, entrepreneurship, talent development, and talent attraction*.

*Innovation:* To drive Maine's economic recovery and catalyze growth, the state must invest boldly, strategically, and consistently in innovation that adds value to and transforms Maine's natural resources while pioneering next-generation technology industries that grow good jobs across the state.



*Entrepreneurship:* The pandemic has highlighted the need to supercharge high-growth entrepreneurship while sustaining Maine’s vibrant and resilient small business sector.

*Talent Development:* Maine needs adaptive and accessible workforce development models to create opportunities for all people to develop their skills and for employers to meet their current and future workforce needs. The pandemic has furthered the need to create educational and training pathways for people of all experience levels to access careers in high-demand fields.

*Talent Attraction:* With Maine’s relative success in controlling the pandemic and a new wave of in-migration, this is an important moment to coordinate and implement a statewide rebranding effort for Maine that welcomes new residents with respect to race, ethnicity, and other dimensions of human difference.

## **Sustain Maine’s People**

The report’s “Sustain” recommendations represent foundational actions necessary to address urgent needs that are critical to building the bridge to future prosperity. They call for reimagining Maine’s *internet access, early care and education supports, housing, and for taking serious steps to address structural inequities* as an economic imperative for Maine.

*Internet Access:* The pandemic exposed how access to broadband and digital tools in every corner of Maine is a basic, essential need for working, learning, staying healthy, and enjoying life as well as an economic growth imperative.

*Early Care and Education Supports:* The pandemic has shown the critical social and economic importance of childcare. Maine must strive to reform its fragmented, public-private childcare arrangements into a resilient, high-quality system that enables parents to work and prepares children to learn in a safe, nurturing environment. This will support families now and draw new families here.

*Housing:* The pandemic caused out-of-state buyers to buy up real estate in Maine. This is not bad news; the state needs new arrivals to build its workforce. Yet this has exacerbated existing challenges for Maine people to find affordable housing options near their work. COVID-19 has made increasing the affordability, access, and supply of workforce housing across the state a critical priority and a foundational problem to solve in support of economic recovery.

*Address Structural Inequities:* The inequitable economic impact of the pandemic in Maine, as the data and the lived experience of Maine people has shown, means Maine must make a sincere commitment to address racial injustice, inequity, and inequality and recognize the economic possibilities this commitment could create by supporting new people and business in Maine.

## **Other Recommendations**

In addition to these core recommendations, the committee is also including a select amount of other ideas it deemed essential for consideration. These important recommendations reflect the diversity of expertise among the ERC membership and focus on issues including building Maine’s healthcare infrastructure, modernizing the state’s regulatory environment, investing in agriculture infrastructure, supporting Maine workers to meet their most basic needs in order to thrive and be successful, and investing in transportation infrastructure.



## Recommended Investments

Given the long-term, sustaining nature of many recommendations, determining a precise investment figure would require comprehensive analysis. The ERC also recognizes many recommendations need more resources than available, and Maine leaders will be balancing priorities for years to come.

So instead of offering a comprehensive, absolute cost for all recommendations, the committee elected to offer recommendation funding suggestions only where it felt most confident doing so.

## Methodology

The ERC used the state's [Economic Development Strategy](#) (EDS) as a framework for its deliberations. In lieu of its sector-based approach for its first report, the ERC divided into three topical subcommittees -- Talent, Innovation, and Infrastructure -- to align with the EDS and develop recommendations to augment it in light of COVID-19.

The ERC's recommendations were developed over the course of nine full committee meetings and more than 60 subcommittees meetings between July 15 and November 20, and are informed by the expertise of the committee members, the invaluable input of Maine people, and the observations of experts, including:

- **Gimbala Sankare**, WEX Inc. Director of Global Talent Acquisition and Diversity & Inclusion
- **Katy Longley**, Executive Vice President and Chief Operating Officer at Jackson Laboratory
- **David Roux**, philanthropist and investor
- **Vint Cerf**, Vice President and Chief Evangelist at Google
- **Karen Mills**, former U.S. Small Business Administration Director
- **Dr. Anthony Carnevale**, Professor and Director of the Georgetown University Center on Education and the Workforce

The committee's recommendations also benefited from the valuable input received during presentations by the Federal Reserve Bank of Boston, the Department of Economic and Community Development, the Department of Marine Resources, the Department of Agriculture, the Maine Forest Products Council, and Live and Work in Maine, among others.

The ERC also wishes to acknowledge submissions for consideration from various organizations and entities that were received too late to be fully deliberated for inclusion in this report. Committee staff from the Department of Economic and Community Development and the Governor's Office of Policy Innovation and the Future will ensure those submissions are directed to the appropriate state agencies or officials for potential response or action.



# The Impact of COVID-19 on Maine's Economy

When the ERC began its work in May, just weeks after the pandemic started to first surge across the state and nation, the Committee quickly realized that our economic recovery is predicated on robust and consistent measures to protect the health and safety of all Maine people.

This guiding principle underscored the immediate economic stabilization and support measures identified in the [Committee's first report](#), delivered on July 15. Those measures, grouped into themes of supporting Maine's people, employers, and infrastructure, offered specific policy recommendations and funding levels for state leaders to take action.

The report supported critical allocations of federal Coronavirus Relief Funds to safely re-open Maine schools, bolster childcare providers, offer recovery grants for private and nonprofit employers, and offer rental assistance for Maine people and landlords to ensure housing stability.

However, even with Coronavirus Relief Funds, expanded unemployment benefits, and measures like the Paycheck Protection Program, the Committee understood Maine's economic recovery was also predicated on further federal stimulus. Short-term action, the Committee declared, was not enough to stave off long-term economic harm, especially if the virus was to become resurgent.

When the Committee made its first call for stimulus, complete economic data about the extent of the COVID-19 disruption was not yet available, due to the evolving situation. The COVID-19 recession is unlike anything the country has seen before. Instead of a recession caused by slowing consumer demand, a breakdown of financial systems, or skyrocketing inflation, this recession was led by urgency to minimize face-to-face interactions and bring the rapid spread of a virus under control across the world.

## ECONOMIC CONDITIONS

The resulting recession was sharp, deep, and uneven. It took the National Bureau of Economic Research a mere four months to officially declare a recession began in February 2020.<sup>1</sup> Prior to then, however, the U.S. and Maine economies were strong. Employment in Maine was at a record high, while unemployment rates were near all-time lows. Wages and incomes had seen robust growth in recent years, as had the state's gross domestic product (GDP). Everything changed practically overnight.<sup>2</sup>

Maine's GDP in the second quarter of 2020 was ten percent lower than in the first quarter, led by losses in leisure and hospitality and healthcare and social assistance, which is also where Maine saw the largest employment declines.<sup>3</sup> Through September, leisure and hospitality has recovered only half of the 41,000

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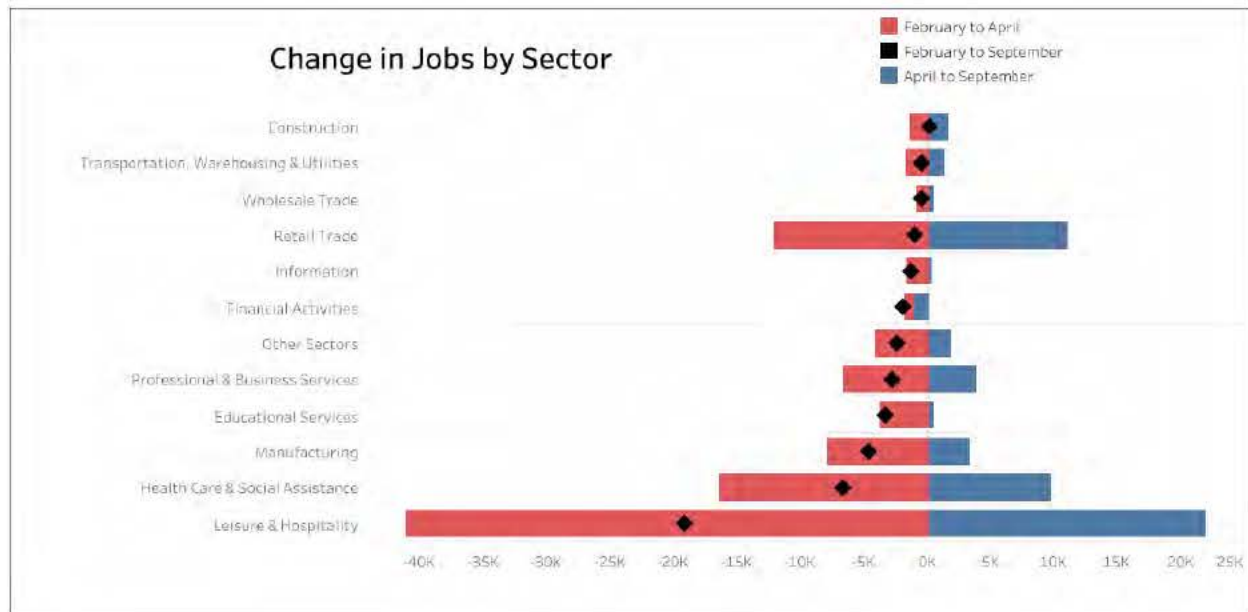
<sup>1</sup> "Determination of the February 2020 Peak in U.S. Economic Activity." *National Bureau of Economic Research*, 8 June 2020, [www.nber.org/news/business-cycle-dating-committee-announcement-june-8-2020](http://www.nber.org/news/business-cycle-dating-committee-announcement-june-8-2020).

<sup>2</sup> "Maine's Workforce in 2019." *Maine Department of Labor Center for Workforce Research and Information*, October 2019, [www.maine.gov/labor/cwri/publications/pdf/Maine2019AnnualWorkforceReport.pdf](http://www.maine.gov/labor/cwri/publications/pdf/Maine2019AnnualWorkforceReport.pdf).

<sup>3</sup> "Gross Domestic Product by State, 2nd Quarter 2020." *United States Bureau of Economic Analysis*, 2 October 2020, [www.bea.gov/news/2020/gross-domestic-product-state-2nd-quarter-2020](http://www.bea.gov/news/2020/gross-domestic-product-state-2nd-quarter-2020).



jobs the sector shed through April.<sup>4</sup> Health care and social assistance lost over 16,000 jobs -- many in childcare -- and has recovered fewer than 10,000.<sup>5</sup>



Source: Maine Department of Labor, Center for Workforce Research and Information, Current Employment Statistics.

These hardest hit jobs are often in lower wage tiers and disproportionately employ women, young people, and people of color.<sup>6</sup> While higher-wage and middle-wage jobs have recovered, these low-wage jobs remain well below pre-pandemic levels, creating a K-shaped recovery and exacerbating existing economic inequities.<sup>7</sup>

<sup>4</sup> Mills, Glenn. "Workforce Conditions Through September." *Maine Department of Labor Center for Workforce Research*, 23 October 2020, [www.maine.gov/labor/cwri/publications/pdf/CEFCOctober2020.pdf](http://www.maine.gov/labor/cwri/publications/pdf/CEFCOctober2020.pdf).

<sup>5</sup> *Ibid.*

<sup>6</sup> Atkinson, Tyler and Alex Richter. "Pandemic Disproportionately Affects Women, Minority Labor Force Participation." *Federal Reserve Bank of Dallas*, 10 November 2020,

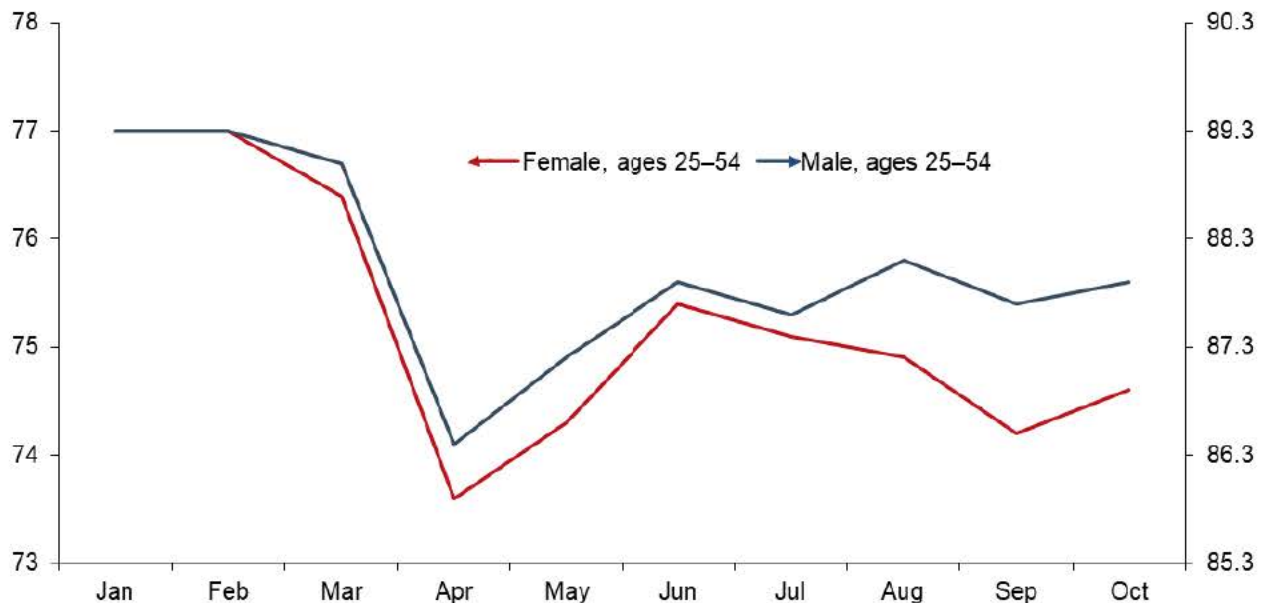
<sup>7</sup> "Recession has Nearly Ended for High-Wage Workers, but Job Losses Persist for Low Wage Workers." *TrackTheRecovery.org, Opportunity Insights*, 21 Aug 2020.

Chart 1

**Female Prime-Age Labor Force Participation Rates Steadily Decline Since June**

Percent, seasonally adjusted

Percent, seasonally adjusted



Source: United States Bureau of Labor Statistics, Federal Reserve Bank of Dallas

Nevertheless, Maine's success in controlling the virus and restoring economic activity did result in some positive outcomes. For example: even though traditional tourism destinations in Maine saw fewer total crowds, the more rural areas of the state saw record numbers of campers and hikers visit for recreational opportunities.<sup>8</sup>

A significant counterbalancing effect of the pandemic economy is migration. Maine is broadly seen as a safe and desirable place, and remote work (plus record-low borrowing rates) made it possible for people to move to Maine while maintaining jobs elsewhere. In September 2020, sales of single family homes to out-of-state buyers were 65% higher than the prior year.<sup>9</sup>

While this trend fueled growth in home renovation and construction as well as appliances, furnishings, and electronics, and brought new and diverse populations to the state, it also has driven home prices upward and made home ownership more unaffordable for many people.

<sup>8</sup> Lyons, Steve. Comments at Consensus Economic Forecasting Commission information gathering session, 16 October 2020, [www.maine.gov/dafs/economist/sites/maine.gov.dafs.economist/files/inline-files/Summary%20of%20CEFC%20info%20session\\_Oct2020.pdf](http://www.maine.gov/dafs/economist/sites/maine.gov.dafs.economist/files/inline-files/Summary%20of%20CEFC%20info%20session_Oct2020.pdf)

<sup>9</sup> "Maine Home Sales Jump 22.78 Percent; Values Increase by 19.56 Percent in September." *Maine Association of Realtors*, October 2020, [www.mainerealtors.com/wp-content/uploads/2020/10/MaineHousingReport-September2020.pdf](http://www.mainerealtors.com/wp-content/uploads/2020/10/MaineHousingReport-September2020.pdf)

Of all counterbalancing effects, though, federal stimulus was by far the most important. It allowed total personal income in Maine to grow by 9% in the second quarter, despite losses in wages and salaries.<sup>10</sup> This is further evidence that absent future stimulus, with particular attention to those sectors and people hardest hit by the pandemic, Maine's economic recovery from COVID-19 remains far from certain.

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<sup>10</sup> "Personal Income by State, 2nd Quarter 2020." *United States Bureau of Economic Analysis*, 24 September 2020, [www.bea.gov/news/2020/personal-income-state-2nd-quarter-2020](http://www.bea.gov/news/2020/personal-income-state-2nd-quarter-2020).



## Section I: Grow Maine's Economy

### Accelerate Maine's economic growth by investing boldly, strategically, and consistently in next-generation technology and innovation to grow our value-add economy

- Advance industry-led, public-private initiatives that grow key innovation sectors
- Invest \$100 million annually in commercially promising research and in incentives promoting private sector innovation
- Reinvigorate the Maine Innovation Economy Advisory Board (MIEAB) with diverse entrepreneurs and track investment performance and inclusion
- Invest in high-potential technologies and innovations

Maine has a rich entrepreneurial tradition and, as laid out in the Economic Development Strategy (EDS), an opportunity to benefit from innovation-driven economic growth. The pandemic and its economic consequences have exposed challenges and accelerated the need to make strategic investments in innovation and entrepreneurship to accelerate new discoveries and ensure that entrepreneurs have the opportunity, access to financing, know-how, and support to start and grow their businesses here.

In particular, Maine has an opportunity to build on its strengths in natural resource-based industries, life sciences, and technology sectors. The EDS presented four thematic opportunity areas for focus: Food and Marine, Forest Products, Making and Manufacturing, and Technical Services. In addition to those four areas, Maine is well positioned to become a leader in high-potential industries, especially clean energy sectors. Developing these focus areas and the opportunities afforded at their intersections will enable Maine to add significantly more value to its natural resources and reimagine and reposition its heritage industries to future growth.<sup>11</sup>

#### Advance Industry-led, Public-private Initiatives

Maine has an opportunity to advance industry-led, public-private initiatives that grow key innovation sectors, such as seafood and agricultural product processing, forest products, bioproducts and renewable energy, and agile manufacturing. The ERC recommends the following actions to build on Maine's demonstrated leadership and aspirational goals for these industries to build momentum and attract needed investments:

1. Support industry cluster initiatives and encourage collaboration across sectors to catalyze high-impact joint action by aligning resources and know-how and engaging capacities of private, public, and nonprofit leaders, such as has been seen with

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<sup>11</sup>In today's economy, innovation drives job growth and wage growth, with each new job created in an industry that competes nationally or internationally creating on average 1.6 additional jobs across Maine's local small business sector. (Focus Maine Results 2020)



FOR/Maine. These clusters can encourage co-location of manufacturing operations that can incorporate each other's waste streams into their processes and realize efficiencies, while driving home our commitment to these industries and their significant multiplier effect in our economy.

2. Message Maine as a leader in food,<sup>12</sup> forestry, technical services, making/manufacturing, and energy and lead in the nexus of these sectors in the bioeconomy, which uses materials from farm, forest, and sea to replace fossil-fuel based products with renewable alternatives, and the circular economy, which seeks to be regenerative rather than linear, keeping materials in use as long as possible to decrease waste.
3. Advance a strategy for expanding value-added food processing infrastructure to address missing linkages in local supply chains and actively support the development of public-private partnerships, considering models such as FOR/Maine and SEAMaine.
4. Support the development of a roadmap to make Maine a leader in agile manufacturing.

#### Invest in Commercially-promising Research and Development

Maine must make robust annual investments in commercially viable research, Maine's research centers, and in programs that create incentives for private sector innovation, targeting Maine's natural resource-based and next-generation technology sectors.<sup>13</sup>

#### Reinvigorate the MIEAB with Diverse Entrepreneurs and Track Investment Performance and Inclusion

The EDS highlighted the value of MIEAB to inform the State's efforts while ensuring that funds are targeted to areas that will lead to new and profitable business growth. To effectively perform this role, it is essential that growth-oriented company CEOs and diverse entrepreneurs are amongst MIEAB members. State government needs to commit to reinstating and staffing MIEAB or structure an alternative.

#### Invest in High-potential Industries, Especially Bioproducts and Clean Energy

Maine has the capability to become a national leader in bioproducts and clean energy generation, especially offshore wind, through bold investments in innovative business models. Smart, efficient use of biomass generated by agriculture, forestry, and fishery operations is the base of the bioproducts development pyramid, which encompasses products such as bioenergy, bioplastics, biobased chemicals, and cross-laminated timber building technology. Maine's opportunity in bioenergy can build on UMaine's leadership as one of eight national regional centers designated by the U.S. Department of Energy to support in all aspects the deployment of cost-effective and highly efficient Combined Heat and Power technologies, which can be strategically rightsized and located at facilities around the state.

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<sup>12</sup> Food sector includes farms, fisheries and aquaculture and food manufacturing

<sup>13</sup> Once sufficient research and development investment in Maine has been achieved, it will be critical to invest in Maine's technology transfer system: pushing commercially promising ideas from labs into the market. Specific resources will need to be dedicated to this system to ensure that R&D funding is well-spent.

Maine's EDS also identifies offshore wind as a critical opportunity to grow the state's economy<sup>14</sup>-- offshore wind is projected to be a \$70 billion industry in the U.S. over the next decade.<sup>15</sup> It has the potential to catalyze careers in engineering, construction, science, manufacturing, and more, all utilizing Maine-based supply chains.

Through strategic and consistent investments in these intersections between Maine's unique assets and global trends, we will make progress towards the EDS goal of growing the annual average wage and the value of what we sell.

**Recommended Investment:** \$100 million annually in commercially promising research and in incentives promoting private sector innovation aligned with these strategies

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<sup>14</sup> Maine's record of floating offshore wind innovation through the work at the University of Maine has recently generated \$100 million in private investment into its emerging floating offshore wind energy technology, which is on track for deployment in 2023 and will be the first floating wind project in the U.S. waters. Further investment and support of research and development into offshore can cement Maine a leader in the industry.

<sup>15</sup> Maine's Economic Development Strategy, November 2019



## **Supercharge high-growth entrepreneurship while sustaining Maine's vibrant and resilient small business sector**

- Fill gaps in Maine's entrepreneurship ecosystem and unlock the entrepreneurial spirit in Maine's small business sector
- Cultivate an entrepreneurship support ecosystem through active engagement with and support of the Maine Accelerates Growth network
- Make Maine more welcoming of immigrants, supportive of the success of entrepreneurs who are people of color, Native Americans, and women, and attractive to remote workers

Maine needs to radically cultivate growth-oriented entrepreneurship that drives good job growth and wages. Moreover, Maine's entrepreneurship ecosystem has not been adequately serving the needs of certain groups of entrepreneurs, such as women, people of color, Native Americans, and rural entrepreneurs. The State needs to pursue ways to better reach and support these communities, including through local and regional economic development agencies, Community Development Financial Institutions, and community development groups led by people from these communities.

### **Fill Gaps in Maine's Entrepreneurship Ecosystem**

The pandemic's impact on early-stage, high-growth businesses has highlighted the importance of nourishing an entrepreneurship ecosystem that cultivates nationally competitive, growth-oriented businesses innovating to meet new markets and economic circumstances.

The state must boost access to capital and know-how statewide while addressing student debt and health insurance access – barriers that stand in the way of many would-be entrepreneurs. Examples of how to address health insurance and student debt barriers include: exploring the feasibility of expanding state insurance pool access for the self-employed, gig workers, and remote workers to ensure affordability and offering tax offsets for student loans or healthcare premiums. The Educational Opportunity Tax Credit may be one vehicle for such student debt relief.

### **Cultivate an Entrepreneurship Support System**

1. Encourage the Governor to promote entrepreneurship by highlighting the benefits to Maine people and communities throughout the state
2. Consider elevating entrepreneurship to the Governor's cabinet to coordinate relevant state agencies with the private and nonprofit sectors
3. Conduct a statewide review of the impact of existing rules and regulations on the creation of new businesses and eliminate barriers or revise laws as appropriate
4. Ensure DECD and DOL prioritize supporting entrepreneurs and new businesses

5. Examine how state contracting and procurement can support new and existing businesses and be more entrepreneur-friendly, including among underserved areas and populations
6. Support and strengthen Maine's network of entrepreneurship ecosystem organizations, Maine Accelerates Growth (MxG), and proactively engage leaders from communities underserved by traditional entrepreneurship resources

Make Maine Welcoming of Immigrants, Supportive of the Success of People of Color, Native Americans, and Women, and Attractive to Businesses

Diversity is fundamental to innovation, entrepreneurial success, and a vibrant creative economy. The state should identify and support key partners, such as Mano en Mano, Prosperity Maine, Four Directions Development Corporation, CEI's Women's Business Center, and others, that work with immigrant communities, communities of color, Native Americans, and women to ensure access to vital support systems as part of Maine's efforts to attract and support diverse perspectives. Performance metrics should be tracked.

The State should invest in a process to collect data about remote workers in Maine, especially to make the state more attractive to remote workers and businesses. This will identify gaps in support systems for remote workers to ensure we retain people who have come to Maine, particularly its rural areas, during the pandemic, as well as help develop more targeted solutions. A vibrant and diverse Main Street is often a driving factor of "quality of place," calling for diversity of business type and background.

When combined with advances in infrastructure and workforce supports, the State's bold investment in innovation and its strategic cultivation of Maine's entrepreneurs will not only serve as a bridge to the EDS goals, but will pioneer a bright future for the next generations of Mainers.

**Recommended Investment:** An initial \$200 million bond in support of its recommendations, followed by similar scale biennial bond-funded investments.



## **Unleash the potential of Maine’s workforce by creating educational and training pathways for people of all experience levels to access careers in high-demand fields**

- Prioritize accessible and affordable education and training options for working adults that align with emerging career demands
- Invest in higher education programs and increase degree attainment
- Prepare workers for Maine’s innovative and high-demand sectors
- Expand internship opportunities linked to Higher Education
- Restore immigrant rights to access public benefits and the workforce

Maine needs accessible, adaptive, and durable workforce development models to create opportunities for all people to develop their skills and for employers to meet their current and future workforce needs. Students and skilled workers are more likely to stay in Maine when they have fulfilling jobs and access to prosperous career pathways. The committee recommends the following actions:

### **Accessible and Affordable Education for Working Adults**

Tie together and increase support for Adult Education programs, Career Technical Centers, and libraries to provide basic general education, literacy, and technical training at low cost with flexible hours. Align general education programs with the Community College System, the public University System and private colleges and universities to support attainment of professional certifications and degrees. Additionally:

1. Invest in a “Go Back to Get Ahead” campaign to re-engage those with some college by offering up to three free courses at one of Maine’s public universities or community colleges
2. Prioritize navigators to understand and remove barriers, wraparound services, emergency funds, and student debt forgiveness to support adult learners
3. Incentivize employers to invest in the education and training of their employees
4. Establish Work-based Learning Accounts to reimburse employers for providing time-limited paid work to connect job seekers with direct workplace experience

### **Invest in Higher Education Programs and Increase Degree Attainment**

These days, college graduates earn about 56% more (about \$20,000 a year), on average, than those with only high school diplomas, and that gap continues to grow.<sup>16</sup> Maine statute identifies a postsecondary attainment goal of increasing the percentage of working-age adults holding a high-value certificate, college degree, vocational education or other industry-

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<sup>16</sup>Drew Desilver, “10 Facts about American Workers,” Pew Research Center, August 2019



recognized credential to 60% by 2025.<sup>17</sup> Currently at 46%, Maine must increase degree and credential attainment at both our private and public institutions to meet our state's goal and prepare Maine people for a good-paying job.<sup>18</sup> Actions include:

1. Expand access to college advising for high school students who have traditionally not been college bound, with focused attention on students from rural areas, island communities, the immigrant community, and for whom college seems out of reach. Partner with post-secondary institutions to assist students with the application and financial aid process.
2. Support first-generation college-bound students to increase their success in progression and degree attainment by providing grants to fund support staff, programming and wrap-around services.
3. Establish a grant program for colleges and universities to make bold academic innovations that aim to increase degree attainment, especially in market-aligned areas, including start-up funds to support new program development, new pedagogical innovations (hybrid delivery, competency-based models), etc.

#### Prepare Workers for Maine's Innovative and High-demand Sectors

The speed of innovation and demand in the clean energy and innovation sectors requires adaptive and durable workforce development and credentialing models to maximize the economic development opportunities to Maine of this sector. The clean energy economy requires a significant retooling of, and investment in, our workforce. To meet the demand for skilled workers in these sectors, the state should:

1. Convene a stakeholder group consisting of workforce development agencies and organizations and industry representatives to identify approaches that strengthen and increase the accessibility of clean energy and innovation workforce training and promote an effective transition of workers into those sectors.
2. Evaluate credentialing pathways – including license and work experience reciprocity for new and returning Mainers and requirements for individuals entering the clean energy workforce – to ensure Maine is able to attract and develop high-skilled workers, protect public health and safety, and support an expanding clean energy economy.

#### Expand Paid Learning Opportunities via Enhanced Public-Private Partnerships

Meaningful paid learning opportunities-- internships, co-ops, and apprenticeship programs in particular-- are an effective tool to anchor students to Maine because they often lead to job offers and create a pipeline of skilled talent to address employers' needs. Every postsecondary

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<sup>17</sup> §2006. Establishment of State Workforce Investment Board

<sup>18</sup> Maine Spark, Adult Promise, Attainment Indicators, <https://mainespark.me/adult-promise-maine-adults-indicator/>

student should have the opportunity to participate in at least one such paid program. Actions include:

1. Pay students who intern at small employers via a direct subsidy upon the successful completion of the internship experience, prioritizing socioeconomically disadvantaged students and ensuring support for transportation and housing<sup>19</sup>
2. Expand and market opportunities as well as intermediaries and statewide programs (e.g., FocusMaine) that foster trust and cooperation among business, education, government, and the civic sector

#### Restore Immigrant Rights to Access Public Benefits and the Workforce

These economic security steps include access to Maine Care including dental insurance, SNAP, TANF, the Child Care Subsidy Program, and driver's license issuance. This will help attract immigrants to Maine and boost the likelihood of their successful transition into the workforce.

Acted upon now, these actions will get us back to the EDS goal of making Maine a state where every person can find fulfilling and rewarding work, and employers can find the talent they need, in the context of a vibrant, thriving economy and an unparalleled quality of life.

#### **Recommended Investment: \$93 M**

This set of recommended investments applies to the entire postsecondary system-- both public and private institutions. The \$93M is broken down as follows:

##### **Adult Learners:**

- Go Back to Get Ahead \$1M
- Adult Navigators \$390k
- Debt Forgiveness \$375k
- Employer Training Pilots \$2.5M
- WBLA/Learning Accounts Pilot \$5M

**Total for Adult Learners: \$9.27M**

**Investment in Degree Attainment & Preparation for High-Demand Sectors \$75M**

**Immigrant Benefits \$7M**

**Direct Subsidies for interns \$1M**

**Total postsecondary investment: \$93 M**

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<sup>19</sup> Example: University of Southern Maine, with support from programs like Project>Login and FocusMaine Intern Experience, offers housing for dozens of interns working in the Portland area during the summer. The housing program has improved the ability for employers to attract interns from across Maine and around the world by offering affordable housing, facilitating activities for interns, and helping interns access transportation.



**Establish Maine as a premier career, education, and lifestyle destination to attract diverse and talented professionals to relocate and define the state's image beyond leisure and tourism**

- **Coordinate and implement a statewide rebranding effort for Maine that welcomes diverse groups with respect to race, ethnicity, and other dimensions of human difference**

The pandemic offers a window of opportunity to capitalize on Maine's assets and convince people that it is a great place to live, study, and work. To attract diverse and talented people to Maine, we must move beyond Maine's image of lobsters and lighthouses and develop a new, coordinated, branding and marketing program that changes the awareness and impressions of the state, both regionally and nationally. Necessary actions include:

1. Coordinate public and private partners, existing efforts in industry (e.g., Maine & Co.), the nonprofit sector (e.g., Life + Work in Maine; FocusMaine), tourism, grassroots groups, and academia to strategize on a multifaceted implementation effort led by the Governor
2. Effectively market the Opportunity Maine Tax Credit, simplify its worksheet, adopt a standardized list of STEM degrees, and make other changes to improve program accessibility
3. Leverage Maine Office of Tourism's track record of success and realign success metrics to include workforce attraction, development, and retention
4. Target knowledge workers in industries such as digital, biotech, and healthcare, including technology companies with a permanent remote workforce
5. Promote Maine's diverse array of public and private colleges and universities by focusing on attributes that transcend individual institutions, such as: safety, quality of life, and competitive internship opportunities
6. Message to diverse groups with respect to race, ethnicity, and other dimensions of human difference and signal that Maine is a welcoming place for all people; support local programs that offer a personal touch<sup>20</sup>

Talent attraction comes in many forms, and it must be coordinated to meet the EDS goal of 75,000 additional people in the workforce by 2030. Maine is already home to strong, talented, and hardworking people: attracting new Mainers is critical to our economic future.

**Recommended Investment: \$5M**

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<sup>20</sup> Such programs include Community Welcome Wagon Programs and Live + Work in Maine's *Imagine ME and You* weekends



## **Section II: Sustain Maine's People**

### **Ensure every Mainer has a high-quality internet connection to support economic development, remote work, distance education, telehealth, and meaningful community connections**

- Convene public, private, and philanthropic stakeholders to map, prioritize, and complete program design for universal broadband in anticipation of new funding
- Advance digital equity and inclusion by increasing access to broadband, computers, mobile devices, and expanded digital literacy training for historically underserved individuals and communities

Maine must prioritize investment in affordable, high-speed broadband statewide to increase access to distance education, remote work, and telemedicine. Broadband must equally benefit rural areas, as well as groups in Maine historically underserved by broadband, including new Mainers, people of color, Native Americans, and low-income Mainers. Broadband has become the *de facto* line of demarcation between communities with economic opportunity and those with dwindling populations, and even broadband in most urban areas of Maine lack the fiber to the home speeds found in metro areas nationally. The pandemic has added urgency to this long-standing need and its importance to talent attraction and retention.

#### **Completely Map, Prioritize, and Create Program Design in Anticipation of New Funding**

To achieve ubiquitous connectivity, the State must build a comprehensive program to maximize participation in future stimulus, secure matching funds from public and private sources, and leverage bonds at today's historic low cost. This program should integrate federal sources requiring match with state support, private, and philanthropic funding in advance of additional rounds of stimulus so that match is shovel ready. Furthermore, these efforts must be coordinated amongst key stakeholders including the Governor's Office, ConnectMaine, Department of Economic and Community Development, Department of Education, Office of Information Technology, the University of Maine System, federal agencies, and private and community partners. This plan should facilitate the colocation and joint use of broadband with intelligent transportation and grid modernization deployments. The ConnectMaine Authority needs staff capacity to do this vital work. Similar teams in other states have five to ten people to run similar programs on an ongoing basis. With several new federal initiatives having recently launched and on the near-term horizon, having organizational capacity in the broadband office will be important to maximize federal support in Maine as well as coordinate local resources. Maine can heavily borrow program design from other states that have already tackled this problem. New York State had a national model program in past years.<sup>21</sup>

#### **Advance Digital Equity and Inclusion**

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<sup>21</sup>Example: NYS Broadband Program Office, <https://nysbroadband.ny.gov/>

For all Maine citizens to have the information technology capacity needed for full participation in our society, democracy, and economy, we must not only invest in affordable, high-speed broadband statewide but also in affordable equipment, digital literacy training, and public computer access.

**Attention to digital equity and inclusion is critical to achieving the Economic Development Strategy's ubiquitous connectivity strategy that all individuals and communities, regardless of socioeconomic status, citizenship status, or geographic location, can access information, create and share content, improve health outcomes, access learning, and work from anywhere in our state.**

**Recommended Investment:** Achieve the \$600M total investment need laid out in the State of Maine's Broadband Action Plan, including an immediate \$100M bond to match other federal sources, and a similar biennial investment until the plan is complete.<sup>22</sup>

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<sup>22</sup>State of Maine- Statewide Broadband Action Plan, <https://bit.ly/3ksRx5H>



**Reinforce and reimagine Maine’s early care and education supports to ensure that parents can go to work with the peace of mind that their children are safe, nurtured, and prepared for success entering school**

- Pursue comprehensive reform of Maine’s fragmented, public-private early care and education systems to increase access and affordability
- Build a skilled early childhood education workforce to prepare children for lifelong academic and career success.

**Pursue Comprehensive Reform to Increase Access and Affordability**

The first years of life are a critical developmental time in forming the basis for learning and social interaction. It’s well established here that investments in early education have powerful long term paybacks.<sup>23</sup> As noted in the ERC’s July 15 report, parents across the state already struggled to locate infant and toddler care before the pandemic: close to 5,000 Maine children with working parents, mainly in rural areas, do not live within close proximity of a childcare provider.<sup>24</sup> Additionally, childcare continues to be a major concern for families considering moving to Maine. The Mills administration made important investments from the State Coronavirus Relief Fund of the CARES Act to mitigate the effects on childcare from the pandemic, however in the long-term the state will need to invest significantly more —on par with its investment in the K-12 system— to establish a comprehensive system of early care and education. The following actions are critical to transform our current, fragmented, and mostly privately-funded system into a comprehensive birth through five early care and education system that works for everyone:

1. Commit significant and ongoing investment to help working families access quality early care and education in a mixed delivery system funded with state, federal, local, and private dollars
2. Ensure all 4-year olds have access to public Pre-K through partnerships between schools, Head Start programs, and local child care programs. These programs should be protected and supplemented with further state funds.<sup>25</sup>

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<sup>23</sup> “The National Forum on Early Childhood Policy and Programs found that high quality early childhood programs can yield a \$4 – \$9 dollar return per \$1 invested.” Courtesy of: “High Return on Investment.” *University of Pennsylvania Center for High Impact Philanthropy*, 2015, <https://bit.ly/36ykjwH>.

<sup>24</sup> “Child Care Gaps Assessment.” *Bipartisan Policy Center*, October 2020, [www.childcaregap.org/](http://www.childcaregap.org/)

<sup>25</sup> While 22% of white 4 year-olds in Maine live in a school district without a public pre-K program, the same is true of 33% of Black children and 28% of Latino children in Maine. More state assistance to help school districts implement and expand public pre-K will make these programs more accessible to nonwhite Mainers who are currently excluded. Courtesy of: “American Community Survey.” *U.S. Census Bureau*, 2014-2018. and “Public Preschool.” *Maine Department of Education*, 2020.



3. Strengthen the early care and education infrastructure through the use of bonds to fund grants and/or low-interest loans to help child care programs renovate, expand, or construct facilities to increase availability and quality of child care.<sup>26</sup>
4. Continue to improve access to the Child Care Subsidy Program by funding greater marketing, creating an online application, and re-examining the current fee structure to promote accessibility.<sup>27</sup>

### Build a Skilled Early Childhood Education Workforce

A well-trained early childhood workforce is critical to the future prospects of Maine children--providing the foundation children need to be successful in school and as adults entering the workforce. This kind of system and outcome requires well-trained and fairly-compensated early childhood educators. Strategies to increase training and pay include:

1. Providing tax credits or direct wage supplements, such as the Child Care WAGES Program.<sup>28</sup>
2. Increase investment in Maine's T.E.A.C.H. program.<sup>29</sup>
3. Pair WAGES program with Maine's T.E.A.C.H. program to promote equitable access to a postsecondary degree.

**With these critically necessary changes, Maine's future will include the world-class early care and education system that the EDS demands. This system must be an accessible, affordable, and high-quality system so that all children are prepared for a bright future in school and the workforce.**

### **Recommended Investment**

Building a strong, comprehensive birth through five system will take significant public and private investment. Further analysis is required to identify a dollar amount.

Early Childhood Education Workforce Investment Total: **\$5.2M**, broken down as follows:

Wage Supplements: \$5MM

TEACH Program: \$200k

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<sup>26</sup> Funding priority should be for licensed child care providers on the Quality Rating and Improvement System with plans for reaching high quality standards and programs that include at least 40 percent children living in families with low income (at or below 200 percent of the Federal Poverty Level) with a commitment to accepting state child care subsidy for these families.

<sup>27</sup> Federal programs currently play a crucial role in helping to close the educational divide for nonwhite children in Maine. Currently, almost one in four children in Maine's Head Start program is a person of color. Similarly, 13% of children served by the Child Care Development Block Grant in Maine are Black. Protecting these programs and supplementing them with state funding will help young Mainers of color get the best start in life and have the best chances at meeting their full potential.

<sup>28</sup> The Childcare WAGES program provides education-based salary supplements to educators working in licensed early care and education settings. Data from other states show that wage supplements have proven to be an effective way to increase workforce retention, education and compensation for early childhood educators.

<sup>29</sup> T.E.A.C.H. provides financial assistance and supports to early childhood educators interested in attaining postsecondary degrees.



## **Develop robust housing policies and programs that enable Maine people to live and raise their families near their work**

- Create and preserve more affordable, efficient, and high-density housing options across the state through bonding, zoning, and land regulation
- Provide housing stability for Maine's workforce through establishing a state rental assistance program, supporting civil legal aid for tenants, strengthening the General Assistance Program, expanding programs that support renters to build savings and assets, and protecting affordable housing initiatives in the Maine State Home Fund

The pandemic has exacerbated Maine's housing crisis situation: as housing stock decreases, prices skyrocket; affordable housing lists have grown and more families face evictions due to their inability to pay rent.<sup>30</sup> Although programs exist to make housing affordable, they require reform and additional funding to ensure that they meet the scale of the current problem, enable more Maine workers to live closer to where they work, and make Maine more attractive to families considering moving here.

### **Create and Preserve More Affordable, Efficient, and High-Density Housing Options**

Maine needs an initial investment of \$50 million from General Obligation bonds as well as a commitment to a series of on-going bonding initiatives. This funding will jumpstart improvements to affordable housing in Maine, and should prioritize proximity to services, energy efficiency, and expanded accessibility to households with Section 8 or state housing vouchers. Maine's zoning and land regulation rules must also be modified to eliminate barriers to building more diverse and affordable housing choices, looking to other states for best practices.<sup>31</sup> The state should establish a study commission to develop specific legislative recommendations to eliminate these barriers.<sup>32</sup> Lastly, the state must develop a strategy to ensure that currently subsidized properties are not lost from the affordable housing stock due to expiring use restrictions. In many rural communities, these properties are the only affordable housing options available.

### **Provide Housing Stability for Maine's Workforce**

The state must take bolder action to increase housing stability for Mainers with moderate to low incomes. This effort should include establishing a state rental assistance program,

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<sup>30</sup> According to Maine Housing, there are almost 23,000 households with active applications sitting on waitlists for affordable housing. Maine Real Estate Management Association, which includes property managers for affordable housing developments, reports combined wait lists of more than 32,000 applicants. Courtesy of: "Housing Characteristics." *MaineHousing*, 2020.

<sup>31</sup> In 2019, the Oregon legislature passed a measure that requires cities with more than 10,000 people to allow for duplexes in areas zoned for single family homes. <https://n.pr/35qCbKB>

<sup>32</sup> In the winter of 2020, legislation to establish such a commission passed out of committee with bipartisan support but was stalled when the legislature abruptly adjourned in March due to COVID-19. <https://bit.ly/3pr6bxV>

expanding programs to help renters build assets, supporting civil legal aid to ensure that Mainers can access supports, understand their legal rights as tenants, and receive representation in court, and strengthening the existing General Assistance Program by administering the program more uniformly across the state. Furthermore, programs for first-time homebuyers must be strengthened and other affordable housing initiatives funded by the Maine State Home Fund must be protected.

Access to stable, affordable, and energy efficient housing is critical to attracting and keeping talent in Maine. By emphasizing the construction of new affordable housing units and promoting the stability of families in existing units, the state can accomplish the goals of the EDS and build a future in which all families have access to housing and an unmatched quality of life.

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## **Make Maine a diverse, equitable, and inclusive state where all Mainers can reach their full potential**

- Perform a comprehensive Diversity, Equity, and Inclusion (DEI) assessment of Maine
- Develop a 10-year economic strategy for Diversity, Equity, and Inclusion with input from a broad, inclusive coalition of people, public entities, and private organizations
- Hire senior-level champions to promote DEI in state government

Maine's most vital resource is its people. Attracting and retaining diverse talent is crucial to our economy, the strength of our workforce, and the vibrancy of our communities. Maine has the oldest population and the second lowest birthrate in the nation. We have more people who are aging out of the workforce and fewer people to replace them. Maine has an opportunity to grow by leveraging the talents of all Maine people, especially its fast growing bi- and multi-cultural populations.

An ever-growing body of research shows that diverse workforces outperform competitors, drive innovation, and more effectively attract talent.<sup>33</sup> For Maine to reach its economic potential, it must support its people in doing the same. Maine has an opportunity to become a diverse, equitable, and inclusive state that supports its people and welcomes others.

### **Perform a Comprehensive Diversity, Equity, and Inclusion Assessment of Maine**

A DEI assessment of Maine will evaluate how different populations are impacted by current economic structures, policies and practices, access to resources, and education and workforce training. The state must also commit to tracking data on key indicators of DEI to measure progress and identify opportunities for improvements.

### **Develop a 10-year Economic Strategy for Diversity, Equity, and Inclusion**

Maine must develop a long-term strategy--with input from a broad, inclusive coalition of people, public entities, and private organizations--to integrate and support underrepresented populations into the workforce and economy, provide supportive services, and build a more fair, just, and equitable state and to create a roadmap for opportunities for new multicultural markets in Maine, New England and beyond. The development of the plan should engage the Permanent Commission on the Status of Racial, Indigenous, and Maine Tribal Populations and the Permanent Commission on the Status of Women.

### **Hire Senior-level Champions to Promote DEI in State Government**

Maine must expand its roster of officials dedicated to diversity, equity and inclusion, including senior-level staff in the executive branch and specialists inside state agencies. By hiring

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<sup>33</sup>Sundiata, Dixon-Fyle, et. al., "Diversity Wins: How Inclusion Matters," McKinsey & Company, May 2020.  
Lorenzo, Rocío, et. al., "The Mix that Matters: Innovation Through Diversity," Boston Consulting Group, 26 April 2017.

permanent staff who can advocate for people of color and other marginalized groups and who can create new opportunities for new multicultural markets, workforce, and new businesses in Maine and beyond, the state can reduce its reliance on external, temporary partnerships to service its commitment to diversity, equity, and inclusion, and can instead build long-lasting, permanent, and positive relationships.

Explicit attention to the importance and complexity of diversity, equity, and inclusion is critical to achieving the EDS's key tenant: there is a place for everyone in Maine's economy and we need everyone to participate. These recommendations strengthen the potential impact and outreach of the EDS by explicitly including those for whom access to traditional economic development strategies has been unreachable.

**Recommended Investment:** \$1 Million, broken down as follows:

10 Year Strategy \$250K

DEI Champions \$750K



## Financing ERC Recommendations

The pandemic has made clear the opportunities for Maine's economy, illustrating in real time our challenges and strengths. We can't underscore enough the importance of additional federal support needed to backstop state and local governments, allowing continuation of vital services and preventing tax increases when Maines citizens and businesses can afford it least. As of this writing, there has not been further federal support following the CARES Act. Staff from Maine's congressional delegation are uniquely positioned, through their participation in this process, to carry this message to Washington D.C.

We considered these funding options for our recommendations:

- Maximizing existing federal support, future stimulus, and funds available on an annual budget basis from various agencies. FEMA and Northeastern University's Global Resilience Institute will be important partners in identifying federal funds to advance ERC recommendations.
- In concert with federal support and general fund investment, though not conditional on it, the ERC recommends investing boldly in our future by capitalizing on historically low interest rates in the bond market through bonding in several areas.<sup>34</sup> Maine State bonds issued funding innovation have leveraged \$14 of private capital per \$1 of public investment, promoting growth and creating good jobs.<sup>35</sup>
  - Connectivity/digital equity \$100M through ConnectMaine (followed by similar scale biennial investments)
  - Affordable Housing through MaineHousing (\$50M)
  - Early care and education/child care Infrastructure (\$15M)<sup>36</sup>
  - Innovation Bonding through DECD, and including Maine public and private research institutions of \$200M followed by similar scale biennial bond-funded investments.<sup>37</sup>
  - Invest in diversified agricultural and forest product value additive infrastructure through MTI and FAME over a three year program window (\$75M)

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<sup>34</sup> The ERC supports further exploration of the type of bonding or other financial tool to achieve these investment levels.

<sup>35</sup> Maine Technology Institute

<sup>36</sup> This amount reflects the infrastructure aspects understood eligible for bonding, but does not negate the need for additional spending on an annual basis to realize the desired outcomes.

<sup>37</sup> Past economic development strategies have called for consistent funding for competitive research and development for both for-profit and not-for-profit entities and to support the capital needs of growing businesses. However, Maine's investment has been low and inconsistent.



- Transportation bonding in support of roads, ports, ferries, and other transportation infrastructure (\$50M over two years above and beyond the customary \$100M/year)

With regard to transportation specifically, we recommend a bond initiative in parallel with a recognition that Maine's increasing dependence on the annual issuance of large General Obligation transportation bonds is evidence of the structural inadequacy of the state's current funding model to meet the state's needs for transportation infrastructure investment and maintenance. While we believe that a substantial economic benefit will directly and immediately return from this bond recommendation, we also note that longer-term prosperity of the state will require a sustainable transportation funding model.

In addition to the complement of bonding recommendations above we recommend leveraging Maine's existing institutions and enhancing their capabilities in the following ways:

**The Finance Authority of Maine (FAME)**'s direct loan and loan guarantee programs that leverage banks and other capital, reduce the cost of capital for broadband, green energy food system, and forest product development projects and recapitalize local and regional small business loan programs. FAME has a significant role to play in more aspirational, larger, and higher impact start-up projects. With new capital and targeted areas of investment, we recommend dramatically increasing FAME's lending and loan insurance limits (to \$30M+/borrower) and increasing their capital reserves. FAME would also need to broaden its small business loan guarantees to support lending by banks, CDFIs, and local and regional economic development lenders, similar to the California Small Business Loan Guarantee Program.<sup>38</sup>

**The Maine Technology Institute's** competitive Maine Technology Asset Fund drives commercially viable technology development and its grants can support collaborative industry cluster initiatives, Hubs of Excellence and programs providing entrepreneurial support. Individual awards need to also support larger project awards for maximum impact.

**Maine Venture Fund's** proposed Chamberlain Fund (\$10-\$15M) is designed to attract venture capital for Maine high growth businesses, efficiently leveraging state funding with private capital.

Encourage additional patents and other investment in high growth companies by expanding eligibility for the **Maine Seed Capital Tax Credit** to include a higher per company lifetime investment limit (\$6M), higher annual per company investment limit (\$5M/year), and higher annual total amount of credit available (\$20M).

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<sup>38</sup> The California Small Business Loan Guarantee Program (SBLGP) provides loans to small businesses to help create and retain jobs and invest in low-to-moderate income communities. The SBLGP is administered by the California Infrastructure and Economic Development Bank (iBank).



Maine's innovation and entrepreneurial future relies on proactive and direct investments in the start-up and growth of enterprises led by entrepreneurs from all backgrounds, especially Black, Latino, and Native Americans who may have a more difficult time accessing loans and credit, either because they don't have the assets to act as securities, or they lack existing relationships with lending institutions. Women, immigrants, and Mainers from low income backgrounds can face similar difficulties in starting a business. The state can support grants and loan programs within agencies like FAME targeted at historically disadvantaged groups. It can also foster the development of Community Development Financial Institutions (CDFIs) which specialize in serving these communities. CDFIs like Coastal Enterprises, Inc. (CEI) and Four Directions Development Corporation are key channels for capital and business development resources to reach underserved groups and communities to unlock the creativity and energy of startups and small businesses not always reached by centrally administered economic development programming. Lastly, the State of Maine should require reporting from Maine's public financing instrumentalities on their engagement and impact on targeted groups.

## Other ERC Recommendations

In addition to developing the eight core recommendations described in this report, the ERC's sub-committees explored other ideas that would be critical for Maine's economic recovery. Among them, five received broad consensus support<sup>39</sup> in the full committee as essential ideas that should be included in this final report. They are summarized below.

### **Support for public health and access to health care**

Recovery starts with the health of Maine's people. We must ensure Maine has a robust state, regional, and local public health and health care infrastructure to protect the health and safety of all Mainers and ensure access to preventive care and high-quality services.

#### **Strengthen Maine's public health infrastructure**

We must ensure that public health resources in each community are responsive, culturally appropriate and meet the diverse needs of each region of our state. Along with building a stronger public health infrastructure to respond to emergencies, we need a proactive coordinated system to also promote the health of Maine people and prevent disease.

- Provide basic health and nutrition education to Mainers (both young and old),
- Improve access to immunizations and necessary health screenings, such as mammograms and other cancer screenings

#### **Ensure access to preventive and high-quality health care**

- Maintain and expand the usage of telemedicine to ensure continued access to vital physical and mental health services.
- Expand dental coverage for adults on MaineCare and families with private coverage.
- Support community health centers to expand capacity to serve federally-designated underserved areas and populations
- Supplement funding for the loan forgiveness program for health care professionals who move to rural parts of Maine to work at community health centers.
- Fund and expand Maine's Health Insurance Consumer Assistance Program to help Mainers understand their private and public health insurance options
- Support hospitals and long term care facilities that have experienced losses in revenue as a result of the pandemic.

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<sup>39</sup> In a survey of members, more than 75% of respondents viewed these ideas as essential recommendations to include in the report.



- Invest public and private dollars in effective and affordable transportation solutions when remote care is not medically appropriate.<sup>40</sup>

### **Invest in agricultural infrastructure and innovation**

This recommendation aims to foster innovation in food and agricultural processing in Maine, to complement the work of existing incubators, accelerators, and networks, and create added value in the state's natural resource industries.

#### **Identify opportunities and funding for food processing infrastructure**

- Invest in food processing infrastructure to enable entrepreneurs to scale their business, expand facilities, hire more workers, offset seasonal labor fluctuation, cut transportation costs, and promote exports by better leveraging the Maine brand;
- Increase funding for large-scale equipment upgrades in midsize and large facilities to support Maine processors;
- Support smaller growers by making affordable capital available for expansion;
- Develop a comprehensive strategy for investing in agricultural and forest product infrastructure.

#### **Align agricultural development with Maine's climate action plan**

- Support Maine food systems and help agriculture combat the effects of climate change, as recommended by the draft Climate Action Plan by the Maine Climate council;
- Encourage local food processing for agribusiness to reduce transportation emissions and develop climate-friendly production practices and supply chains.

#### **Support agricultural innovation**

- Spur opportunities for value-added product development from agribusiness and food processing through financial support for innovation, such as grants, low-interest loans, private capital, or bond funds.

### **Modernize areas of Maine's business regulatory environment**

Maine should keep certain regulatory changes deployed in response to the crisis. Additionally, to ensure a smooth flow of new investments during recovery, the State should review and simplify permitting processes and move key components online.

- Review executive orders and rule changes during the state of emergency to determine their positive impact on Maine's future prosperity, and, if appropriate, make them permanent

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<sup>40</sup>Example: Maine Cancer Foundation has raised funding to support a transportation program for cancer patients who live in remote areas of the state to access radiation, chemotherapy, and other treatments.

- Develop and implement an online permitting system at the Department of Environmental Protection to enable tracking of permit applications.
- Add a deadline to the review of Site Law Amendment Applications to ensure applicants receive timely responses.
- Expand the use of special fee project permitting to expedite review of projects with significant positive economic or environmental considerations.
- Expand the use of delegated review for municipalities with capacity to conduct environmental impact studies.
- Convene a task force of regulatory staff, economic development staff, and development consultants, to recommend methods of making regulatory processes faster, more transparent, and more accessible.

### **Improve and retain safety net programs**

This recommendation aims to strengthen and coordinate a number of state, federal, and nonprofit programs to make them more accessible to Maine people.

- Urge the Department of Health and Human Services to leverage all available federal funding sources to address food insecurity by using the food supplement program and continuing the pandemic EBT option;
- Promote access to Maine's tax credit programs, primarily the Earned Income Tax Credit and the Property Tax Fairness Credit, through added funding, marketing;
- Promote communication and coordination with nonprofits that offer social services by establishing a state nonprofit Council and by including nonprofit leaders in existing advisory roles

### **Invest in transportation infrastructure**

This recommendation supports issuing a general obligation bond package to invest in existing and future transportation needs, leveraging a diversity of federal funds.

- An initial investment of \$50M over two years above and beyond the customary \$100M/year from a June 2021 bond issue is needed to leverage approximately double that in federal funds, investing in highways, bridges, ports, and other facilities.<sup>41</sup>
- In the long-term, a more sustainable system than bonding is needed to fully fund Maine's transportation systems, and the need for bond funding is evidence that our current funding model is structurally inadequate to finance our state's needs.

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<sup>41</sup> Unlocks an estimated \$410M in federal match, before considering stimulus.



Two recommendations coming out of sub-committees received less enthusiastic support from the full committee and therefore weren't included in this final report. One encouraged innovation among local banks and credit unions, while the other recommended steps to expand financing options and reduce the cost of capital for clean energy projects. Several members of the ERC felt strongly that the ERC should include the latter recommendation in this report. The idea included an action item to explore alternative ownership structures for energy assets and mentioned the need for further study of a consumer-owned utility. This idea received the strongest pushback of any idea presented to the full committee.

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## About the Committee

The Governor's Economic Recovery Committee (ERC) was created by Governor Janet T. Mills on May 6, 2020, to develop specific policy recommendations to stabilize the state's economy and build a bridge to future prosperity in the wake of COVID-19. The committee's work focuses on two strategies regarding Maine's economy:

**STABILIZE AND SUPPORT (JULY 15)** Consider what resources and strategies the different sectors of Maine's economy will need to survive the COVID-19 crisis, how they can be well positioned to compete for federal stimulus, and what immediate challenges around workforce, regulation, infrastructure or other economic issues should be addressed.

**SUSTAIN AND GROW (NOVEMBER 24)** Consider how to bridge the COVID-19 economic crisis to Maine's 10-year Economic Development Strategy, prepare Maine's economy to thrive, and evaluate what actions are needed to remove barriers and seize market and stimulus opportunities to grow the state's workforce, improve its regulatory environment, and support key infrastructure and innovation initiatives.

The complete recording of each full committee meeting and all presentation materials are included on the ERC's website, [maine.gov/future/economicrecovery](https://maine.gov/future/economicrecovery).

## Committee Members

### CO-CHAIRS:

**Joshua Broder:** A native of Cumberland, Maine, Josh Broder serves as CEO of Tilson, a leading information infrastructure development firm which under his leadership has grown from less than 10 employees to more than 500. Prior to joining Tilson, Josh served as an Army Signal Office on missions in Europe, the Middle East, and Central Asia where he was awarded a bronze star for his service.

**Laurie Lachance:** A native of Dover-Foxcroft, Maine, Laurie Lachance is Thomas College's 5th President and the first female and alumna to lead the College in its 126-year history. From 2004-2012, Laurie served as President and CEO of the Maine Development Foundation. Prior to MDF, Laurie served three governors as the Maine State Economist.

### MEMBERS BY SUBCOMMITTEE:

#### Infrastructure

##### Co-Chairs:

Susan Corbett, Founder and Director of the National Digital Equity Center



Larry Shaw, CEO of MMG Insurance

Representative Brian Hubbell, D-Bar Harbor

Senator Michael Carpenter, D-Aroostook

Adam Lachman, U.S. Sen. Angus King Designee

Carol Woodcock, U.S. Sen. Susan Collins Designee

Alan Perry, Owner, Farm Technologies Network

Deanna Sherman, President and CEO of Dead River Company

James Myall, Policy Analyst for the Maine Center for Economic Policy

Jennifer Hutchins, Executive Director of the Maine Association of Nonprofits

Lincoln Jeffers, Economic Development Director for the City of Lewiston

Kevin Raye, Realtor and Former Senate President

Meredith Strang Burgess, President and CEO of Burgess Advertising and Marketing

Sam May, Maine Harvest Federal Credit Union Board Chair

Susan Hammond, Executive Director, Four Directions

## Innovation

### Co-Chairs:

Betsy Biemann, CEO of Coastal Enterprises Inc.

Bob Montgomery-Rice, President and CEO of Bangor Savings Bank

Senator Lisa Keim, R-Oxford

Aisha Woodward, U.S. Rep. Jared Golden Designee

Angela Okafor, Councilor, City of Bangor

Barbara Crowley M.D., Executive Vice President, MaineGeneral Health

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## Talent

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A special thanks to David Plumb, Senior Mediator, Consensus Building Institute, for his facilitation support of the committee.

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The committee wishes to extend special thanks to following people for their support:

- Hannah Carter, Dean of Cooperative Extension, University of Maine
- Holly Nass, Executive Assistant to the President, University of New England
- Kimberly Whitehead, Chief of Staff, University of Maine
- Sofia Soto Reyes, Junior Associate, Consensus Building Institute
- Stephen Michon, Senior Community Development Analyst, Federal Reserve Bank of Boston
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