

MAINE STATE LEGISLATURE

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The Maine Jobs & Recovery Plan

Investing in Maine's Families, Businesses,
Communities and Future

MAY 4, 2021

"This Federal funding represents an unprecedented opportunity to address the longstanding challenges that have constrained our state's ability to thrive over the years. By encouraging innovative small business growth, investing in our workforce, and building essential infrastructure, like housing, child care and broadband, we can accelerate our recovery from the pandemic and build a stronger, more prosperous Maine. This plan will help us ensure that Maine is renowned as a place where you can get a good education, have a rewarding career that pays well, raise a happy and healthy family, and live comfortably in a community that you love."

—Governor Janet Mills

The \$4.5 billion investment in Maine from the American Rescue Plan (ARP) is an unprecedented opportunity to support recovery from the COVID-19 pandemic, to improve the lives and livelihoods of Maine people, to make investments in solving Maine's long-term challenges, to develop strategies for new opportunities, and to strengthen our state for years to come.

Of this \$4.5 billion, Congress has dedicated nearly \$3.2 billion to recovery efforts like bolstering public health, including COVID-19 testing and vaccinations, enhanced unemployment benefits, stimulus payments to families, business supports, and more.

The remaining \$1.13 billion is allocated to the State of Maine to be used at the discretion of the Governor and Legislature to respond to the pandemic and support economic recovery.

This proposal – the Maine Jobs & Recovery Plan – outlines the Mills Administration's priorities for using these funds:

- 1. Immediate Economic Recovery from the Pandemic**
- 2. Long-Term Economic Growth for Maine People**
- 3. Infrastructure Revitalization**

With these priorities in mind, the Maine Jobs & Recovery Plan proposes using the \$1.13 billion for strategic investments to relieve the significant toll of the COVID-19 pandemic on Maine's people, communities, and economy, while addressing known, systemic challenges that have constrained our state's ability to grow and thrive for years.

These priorities also underscore the enormous potential of the American Rescue Plan to turn our best-made plans—on the state and local level — into real action to improve the lives of our people and grow our economy.

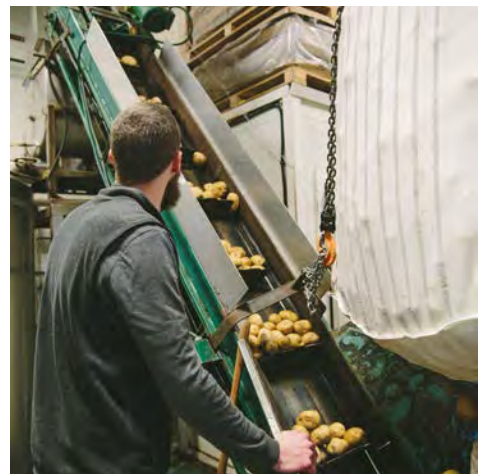
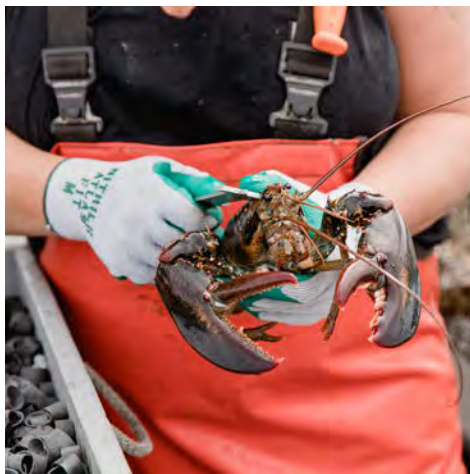
To that end, the Maine Jobs & Recovery Plan draws upon the recommendations of the Governor's Economic Recovery Committee and the bold vision for Maine in the State's 10-Year Economic Development Strategy. As a result, the Plan incorporates the insight of economic, business and community leaders in Maine, a data-driven understanding of Maine's economy before and during the pandemic, and the experiences of Maine people whose lives were disrupted by COVID-19.

The Maine Jobs & Recovery Plan aims to complement, not duplicate, funding already provided by Congress, which, when taken together, touch nearly every sector in Maine. The Plan believes these funds should support shovel-ready and shovel-worthy projects in Maine's towns, cities and counties, encourage new businesses and create jobs through innovation and entrepreneurship, and retain and attract young families in Maine by investing in essential infrastructure from roads and bridges, to broadband, to child care.

By offering the Maine Jobs & Recovery Plan now, Governor Mills hopes to engage in a robust, bipartisan discussion with the Legislature about the transformational opportunity presented by the funds, take into consideration the forthcoming guidance from the U.S. Department of Treasury, and prepare for swift and decisive action on a plan to continue Maine's economic recovery and achieve long-term growth for Maine people, businesses and communities.

Immediate Economic Recovery: \$260M

Maine's nation-leading COVID-19 vaccination rate is helping our state turn the corner on this pandemic. It remains crucial, however, to support employers get through this difficult time. These proposals aim to provide new and renewed support for Maine businesses, particularly small businesses, to ensure their doors stay open, their workers are safe and on-the-job, and our economy is secure in the short-term.



PROVIDE RECOVERY GRANTS + LOAN GUARANTEES: \$80M

Federal and State economic relief and recovery programs have been a crucial lifeline for Maine businesses and non-profits during the pandemic. These recovery grants aim to support those organizations facing ongoing challenges, or that may have failed to qualify for prior programs. In addition, offering low-cost capital to Maine businesses through loan guarantees will help spur reinvestment and keep employees working.

INVEST IN HERITAGE INDUSTRIES: \$50M

The economic disruption of the pandemic has made investment in heritage industries – farming, fishing, and forest products — urgent to stabilize these core economic engines of Maine’s rural areas. By investing in these industries, Maine can help these key economic sectors develop new product and market opportunities and sustain important, good paying jobs across our state.

Agricultural Infrastructure and Processing: \$20M

Maine is home to 7,600 farms of all sizes, scales, and agricultural practices. Before the pandemic, the agricultural community’s inadequate and aging infrastructure hindered the state’s local food economy. The pandemic exacerbated these challenges when market and supply chain disruptions forced producers, processors, and value-added businesses to adapt rapidly to access new markets and distribution channels.

A recent Department of Agriculture, Conservation and Forestry survey of Maine farmers about infrastructure needs indicated off-site storage, processing, and packaging capacity are priority investment areas. Although results remain preliminary, more than 50 percent of respondents that investments of up to \$100,000 would make a significant impact.

Immediate investments in Maine’s farms and food processors will support the growth and sustainability of farms and farm families, increase the supply of local food to meet state food consumption goals, and enhance Maine’s agricultural exports while reducing the state’s reliance on food imports.

Forest Products & Manufacturing: \$20M

Maine’s forest products industry is a resilient, forward-looking sector. From value-added products like mass timber, to emerging demand for bioplastics and biofuels, a significant opportunity exists to grow this sector, create jobs and economic security in rural Maine, and drive the future of modern, efficient building products and energy solutions, while supporting jobs and sustainable forests. With this funding, the Maine Technology Institute will deploy grants and loans for research and development, new products and market opportunities, and job growth in innovative forest products industries.

Seafood Facilities and Processing: \$10M

Urgent investment in Maine’s commercial seafood and aquaculture sectors is needed in response to the severe economic disruption of COVID-19. Many seafood facilities were forced to reconfigure their space and product lines due to the pandemic, and thus far, no relief programs have helped mitigate those costs due to unmet needs for seafood processing capital by federal programs.

This funding will allow the Department of Marine Resources and Maine Technology Institute to deploy grants and loans for seafood distributors and processing facilities to spur greater resilience and growth in Maine’s seafood industry.

LOWER HEALTH CARE COSTS FOR SMALL BUSINESSES: \$39M

Health insurance premiums, already a significant expense for small businesses in Maine, worsened during the pandemic. From March 2017 to March 2020, insurance premiums in the small group market in Maine rose by nearly 33 percent, while enrollment declined by 18 percent (from 61,200 to 50,200). After the challenges of the pandemic, the Maine Jobs & Recovery Plan will help small businesses with this expense.

A Small Business Health Care Cost Relief Program through the Maine Bureau of Insurance would provide small businesses short-term relief from rising health insurance premiums as they recover from the COVID-19 pandemic. The program would provide \$39 million to small group health insurance carriers in Maine to reduce insurance premium costs for small businesses and their employees, which would give financial flexibility to small businesses and help employees keep healthy and working.

REPLENISH THE UNEMPLOYMENT TRUST FUND: \$80M

State unemployment insurance is paid to eligible Maine people through the Maine Unemployment Trust Fund, which is funded by employer taxes. A preliminary projection by the Maine Department of Labor indicates unemployment taxes for Maine businesses would increase by an estimated 60 percent for 2022, unless the Fund is replenished.

These funds continue the Mills Administration’s practice of consistently replenishing the Fund to meet the unprecedented demand for unemployment assistance during the pandemic and prevent tax increases on Maine businesses.

SUSTAIN NEW BUSINESSES AND ENTREPRENEURS: \$8M

Despite making important upfront investments to start operations, new businesses were often overlooked by Federal relief programs because they could not demonstrate the revenue losses needed to qualify. These funds aim to support these new businesses, along with entrepreneurs who recently acquired Maine businesses, and help them survive the pandemic and set a strong foundation for future growth.

ENCOURAGE BUSINESS DIVERSITY: \$3M

Encouraging and supporting business owners from underrepresented backgrounds will enhance Maine’s business diversity, create new investment opportunities, and connect these business owners to further financing options through Federal programs.

These funds will support technical assistance, outreach, training, marketing, and access-to-capital programs for business owners from underrepresented backgrounds, build upon successful support programs to scale them more broadly, and explore how the State could encourage business diversity through State procurement.



Long-term Economic Growth: \$305M

The Governor's Economic Recovery Committee and the State's 10-Year Economic Development Strategy call for robust investment in research and development, skills training, and new worker attraction to spur new businesses, and draw new people and their families to Maine – all of which are foundation for long-term economic growth. The following proposals aim to achieve that.



MAKE STRATEGIC INVESTMENTS FOR FUTURE PROSPERITY

Jumpstart Innovation: \$80M

These funds will expand public sector business support through increased research and development spending, investments in innovation, and public-private partnerships to generate new economic activity in Maine.

Maine's investment in research and development, a key driver of economic growth, has ranked among the lowest in the nation. To grow the economy, strategic investments in forward-looking industries and economic opportunities in emerging industries are critical.

The State's 10-Year Economic Development Strategy has identified certain sectors – such as biological and life sciences, for example – that align Maine's strengths with global market opportunity. The Economic Recovery Committee urged innovation investment via public-private partnerships that could recruit companies to Maine in industry sectors that can improve the economy in rural counties.

Launch Health Workforce Initiative: \$15M

Health care employs more workers than any other job sector in Maine, yet critical worker shortages existed in Maine prior to the pandemic and have been exacerbated by it. These shortages limit access to quality care, particularly in behavioral health and long-term care; increase costs; and affect Maine's ability to attract talented workers since quality health care is often a priority for relocation.

These funds would expand industry partnerships, build career ladders (e.g., from a certified nursing assistant to a registered nurse), promote and incentivize opportunities in rural health care settings, and support diversification of the workforce. It would also create one-time dedicated pools of funding for hospitals and for nursing homes to help recruit and retain workers in critical areas, in a public-private partnership model.

Create Clean Energy Partnerships: \$8M

Clean energy jobs are the fastest growing job sector in the country. Careers spanning from electricians to HVAC technicians to engineers offer good-paying jobs for established workers seeking new opportunities and young people seeking careers. However, Maine's overall shortage of skilled workers is an obstacle to filling these jobs, and Maine lags other New England states in its number of clean energy jobs per capita.

The Clean Energy Partnership will support clean energy and energy efficiency job growth through workforce development programs developed in partnership with industry and education leaders. This sector-focused initiative will establish clear training pathways for clean energy careers, support internships and apprenticeship programs, and create an online platform for attracting workers, sharing training opportunities, and highlighting job opportunities. The Partnership will also target investments to encourage innovative clean energy companies in Maine through the Maine Technology Institute.



Establish A Domestic Trade Program: \$15M

Maine is 17th in the nation for demand satisfied by imports, and many small businesses lack the necessary resources to expand their customer bases, which was exacerbated by the disruption caused by the pandemic.

A domestic trade program would provide small- to mid-sized businesses in Maine support to identify and access new markets by providing market data, marketing support, and consulting services. This program will also feature a business-to-business campaign to connect Maine companies to local vendors to purchase services and products.

EXPAND AND STRENGTHEN MAINE'S WORKFORCE

Attract and Retain Workers: \$18M

These funds will support worker attraction and relocation programs that encourage long-term residency in Maine, as well as efforts to improve awareness and adoption of Maine's existing attraction and retention incentives, such as the simplified Opportunity Maine Tax Credit for recent college graduates.

Expand the Maine Career Exploration Program: \$28M

This initiative will expand the Maine Career Exploration program, part of the State's 10-year Economic Strategy. To help students explore career opportunities geared to their interests, students in the program would have one paid internship between their junior year of high school and one year after graduation. To provide accessible and affordable education and training for working adults, the program will also offer incentives and assistance to workers and employers to access training and skills development opportunities.

Create the Remote Worker Welcome Program: \$5M

With Maine as just one of 10 locations in the U.S. to successfully attract new residents to live and work remotely during the pandemic, further strengthening the attraction and integration of remote workers into our communities is an economic growth opportunity.

These funds will support outreach to potential remote workers and their employers; grants for communities to welcome and integrate remote workers and their families; and funding for collaborative workspaces to help remote workers engage in local communities and economies. This project will also allow an expansion of the "Working Community's Challenge" in partnership with Federal Reserve Bank of Boston.

Train Workers Through Maine's CTEs & Higher Education Systems: \$105M

To meet workforce development needs in emerging economic sectors, in alignment with the 10-year Economic Development Strategy, these funds will support infrastructure and equipment upgrades for Maine's Career and Technical Education centers (\$20M) that advance programs and curricula for high school students, new University of Maine System (\$35M) and Maine Community College System (\$35M) targeted workforce programs, and competitive grants available to all higher education institutions in Maine. (\$15M)



Advance Equity: \$8M

To promote diversity, equity and inclusion in Maine’s workforce, these funds will support engagement with Maine’s racial and ethnic communities, tribal communities, the state’s Permanent Commission on the Status of Racial, Indigenous and Maine Tribal Populations, and other underrepresented and marginalized communities to reduce economic and employment barriers and advance opportunity for Maine people of diverse backgrounds, cultures, races, genders, religions, and socio-economic statuses.

Connect Workers to Job Opportunities: \$15M

To help the state’s 10-year economic strategy move forward, these funds will enhance coordination efforts in the labor market. There are gaps between the types of skills needed and existing and available workers, and communication gaps for workers to match with available jobs.

These ARP funds offer an opportunity to build new infrastructure and start pilot programs to support skill advancement, outreach, and build the bridge that connects workers to open opportunities, establish services for emerging industries, expand supports for employers and workers, and enhance program outreach and evaluation.

REGULATORY REFORM

Increase Licensing Efficiency: \$8M

These funds would support making licensing easier and faster for businesses and more transparent and accessible to the public, through launching an online licensing system for environmental and other state licenses. A timely and fair permitting system is crucial to business investments, which was felt especially during the pandemic. This proposal envisions contracting with a software company for this licensing system, to put funds into the economy quickly and multiply it through savings for businesses and the State.



Infrastructure Revitalization: \$547M

Infrastructure in the 21st century is much more than just roads and bridges; it is the fundamental support systems that ensure people are able to live a decent, healthy, and productive life in Maine – it is the foundation that will keep Maine people here and attract others to come here, live, raise, their families, and contribute to our economy. With a strong infrastructure, Maine can grow its population, grow its economy, and ensure we are a state that where everyone can thrive.



BUILD OUT FAMILY INFRASTRUCTURE

Establish the Maine Connectivity Authority to Achieve Universally Available Broadband: \$150M

The lack of high-speed broadband access in communities across the state continues to exacerbate the hardships of the COVID-19 pandemic. From students who are unable to log into remote school to older Mainers unable to access telehealth to the thousands of workers and businesses who struggled with remote work, inadequate connectivity impedes the daily lives of our people and our state's economic future.

Urgent long-term investments are needed to connect every community to quality, affordable high-speed access. The new Maine Connectivity Authority will leverage \$129M in Federal dollars from the ARP "Critical Infrastructure Fund" and \$21M from unallocated federal ARP funds to make smart, urgent investments in access across the state. The Authority's investments will be used to ensure affordable access for all communities and citizens and will maximize the use of public dollars for long-term benefit.

Build More Affordable Housing for Maine's Workforce: \$50M

Maine's surging real estate market during the pandemic has put home ownership and rental opportunities out of reach for many Maine families, and displaced renters from stable housing opportunities.

These funds would be used to expand housing options that are affordable to workers and their families to own or rent, through existing financing programs through MaineHousing, as well as new incentives in partnership with DECD. They would also provide planning and technical assistance for communities, developers, and builders to encourage construction or production of affordable, energy efficient housing units close to service and employment centers to support families and reduce commuting times.

Save Money Through Energy Efficiency: \$50M

Home energy efficiency and heating and ventilation upgrades for both renters and low-income, older Mainers are needed to reduce energy costs, improve public health, and cut carbon emissions.

This initiative, via the Efficiency Maine Trust, will accelerate weatherization and efficiency upgrades for Maine homes, especially for low-income, older Mainers and renters (\$25M). These funds will also help municipal, county, school, and community organizations to secure efficiency grants by providing matching funds (\$15M), and support incentives for industries and businesses to invest in energy cost savings and efficiency measures (\$10M).



Expand Child Care & Early Childhood Infrastructure: \$20M

COVID-19 has exposed the need to strengthen the child care system for young children in Maine, especially in rural areas where gaps in child care is the greatest. Significant Federal funding is provided through ARP directly for childcare program support, affordability, and provider recovery programs.

This funding would complement those funds by helping schools expand public Pre-K programs and renovate, expand, or construct child care facilities to increase availability of early care and education. These funds would support child care infrastructure grants through the Department of Health and Human Services with a focus on care for infants/toddlers and in rural areas (\$10M), and grants for expanding public Pre-K programs through the Department of Education with a focus on partnerships between schools and community providers (\$10M).

INVEST IN TRANSPORTATION IMPROVEMENTS

Fix Maine Roads and Bridges Through the 2021 Capital Work Plan: \$50M

Maine's transportation system serves every Maine citizen and is a cornerstone of the economy. Even before the pandemic, Maine and most other states confronted chronic transportation funding challenges, and reduced travel during the pandemic has resulted in lower Highway Fund revenue to support infrastructure repairs. These funds would support capital projects in summer 2021 to preserve, improve, and construct highways and bridges statewide.

Protect Infrastructure from Climate Change: \$20M

Climate change poses a serious risk to Maine infrastructure, with damage estimates in the billions of dollars unless action is taken. These funds will create a pilot "Infrastructure Adaptation Fund" to support local, regional, and state infrastructure projects that addresses these vulnerabilities. These funds will help protect vital infrastructure most at risk, help unlock Federal and other funding options, and benefit public safety and emergency management efforts.

Launch A Workforce Transportation Pilot: \$5M

Expanding access to reliable transportation, especially in rural Maine, to connect workers to employment opportunities supports economic security and workforce development, especially in rural areas where transportation options are limited. This funding, as competitive grants from the Department of Transportation, will support local, regional, or state Workforce Transportation Pilot Projects to connect workers and employers and create community and economic benefits with funding for small buses and vans, as well as program start-up costs.

Expand Municipal and Public EV Charging (\$8M)

These funds, through the Department of Transportation and Efficiency Maine Trust, will support the continued expansion of electric vehicle charging stations at town buildings, school buildings, State facilities, and public locations.

INVEST IN OUTDOOR RECREATION & MARINE RESOURCES

Upgrade Maine State Parks: \$50M

Maine's State Parks had more than three million visits for the first time in 2020, and through March of 2021, the pace of campground reservations was already 63 percent higher than last year. While this increase shows the recreational and economic importance of State Parks for Maine, it is also straining park staff and infrastructure.

Despite the appeal of State Parks, park infrastructure is outdated, lacking funding to be properly maintained, and in some cases, unsafe. In addition to structural repairs to park roads, bridges, shelters, and staff housing, the pandemic highlighted the inadequacy of plumbing and sanitation facilities. These funds will address \$50M in capital maintenance and improvement needs and represent the first meaningful investment in State Parks in more than a decade.



Bolster Fisheries and Wildlife Infrastructure: \$20M

During the pandemic, hunting and fishing spiked as people flocked to the outdoors. Already in 2021, fishing license sales are up nearly 20 percent over last year. At the core of Maine's fisheries is Maine's State hatchery system, which stocks over one million fish annually in Maine's waters. Fishing in Maine has an annual economic impact of over \$320 million, supports over 3,300 jobs, and there are over 350,000 licensed anglers.

Improve Fishing Industry Infrastructure & Monitoring: \$16M

As the commercial fishing and aquaculture industries recover from the market disruptions and economic challenges of the pandemic, the Department of Marine Resources requires urgent investments to fulfill their industry and management mandates.

These funds will support public health monitoring as it pertains to shellfish and water quality by upgrading equipment to support maximizing harvest opportunities in both the aquaculture and wild shellfish sectors. Investment in climate-resilient infrastructure on the coast are needed, including building investments to promote public health and efficiency and a marine patrol vessel upgrade for cost savings and safety.

Additionally, needed improvements to boat ramps, docks and parking areas will improve coastal public access to state-owned facilities at a time their use has greatly increased. These investments will allow the limited agency funds available for capital expenditures to be put to better use as match to leverage additional federal funds for monitoring and research related to climate change and its emerging impacts in marine species.

Despite the importance of Maine's hatcheries to the state's outdoor recreation economy, some hatcheries are woefully outdated. These funds would improve infrastructure at all hatcheries, particularly at New Gloucester and Grand Lake Stream. The funds would allow the hatcheries to increase fish production by converting earthen raceways to modern circular tanks, dredging the water source, increasing oxygen supplies, improving treatment of hatchery waters, and enhancing pathogen and disease prevention.



SUPPORT ESSENTIAL DRINKING AND WASTEWATER PROJECTS

Ensure the Safety of Drinking Water: \$25M

The need for critical infrastructure improvements, such as upgrades to water treatment plants, storage reservoirs, pipe distribution systems exceeds the State's current funding capacity. Through the State Revolving Fund (SRF) and the CDC drinking water program, these funds will address significant backlog of drinking water projects and help municipalities leverage further ARP funds. These investments improve public health, provide community benefits, reduce the burden for local rate payers, and support construction jobs.

Repair Wastewater Infrastructure: \$25M

This investment will provide \$22M for municipal wastewater and infrastructure projects, help leverage local ARP funds and accelerate the timeline of these essential local projects that protect public health, provide community benefits, reduce the burden for local ratepayers, and support construction jobs. Additionally, this provides \$3M for the Small Community Grant Program, which supports septic repair and replacement projects, supporting water quality and public health for communities, water bodies, and fisheries.

FACILITATE ENERGY NEEDS

Create Interconnection Grants: \$8M

These funds will establish a matching grant program to support electricity grid upgrades that will reduce barriers for economic development by new or struggling businesses, especially in rural areas of the state.

MODERNIZE STATE TECHNOLOGY

Upgrade Government Systems, Accessibility and Cybersecurity Protections: \$50M

The pandemic has illustrated the need for accessible, safe, and efficient State government services and programs – especially those that can be managed online or through remote programs. These funds will invest in targeted upgrades to make State systems more user friendly, as well as cybersecurity needed to ensure safe State operations (\$40M). These funds will also invest in required heating, ventilation, and efficiency upgrades to promote healthy working environments and long-term operational savings (\$10M).

ADMINISTRATION AND SUCCESSFUL DEPLOYMENT OF FUNDS

State ARP Audit, Controller & Program Management: \$20M

These funds will be used for financial oversight of American Rescue Plan Act funds, including State discretionary and direct funds, as well as local passthrough funds. This will include coordination, processing, tracking, reporting, reconciling, compliance, auditing, and program guidance monitoring and summarizing. Significant reporting will be needed to meet federal requirements, as well as consistent, transparent updates for the Maine Legislature and citizens. These funds may be used for limited period positions, project management, contractors, and consultant support.



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