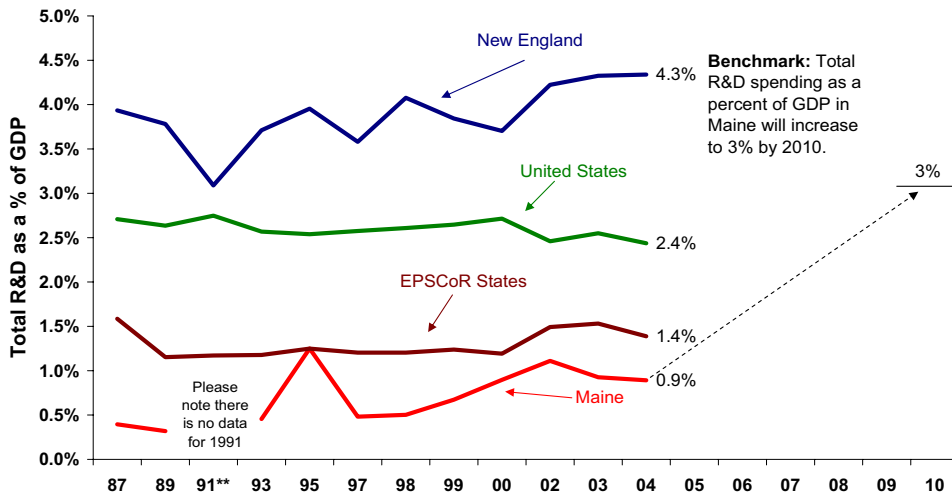


5. Research and Development Expenditures

Benchmark: Total R&D spending as a percent of GDP in Maine will increase to 3% by 2010.

**Total R&D Spending as a Percent of Gross Domestic Product
1987-2004***



Data Source: PolicyOne Research

Research and Development Spending Remains Steady – Increased Investment Needed

Total R&D investment was 0.9% of GDP in Maine in 2004. This represents no change from the previous year and does not move the indicator closer to the benchmark. Recent bonds approved by Maine voters, as well as new legislation mandating minimum growth rates in state R&D investment, should start to move this indicator forward in coming years.

This measure compares Maine with other EPSCoR states (Experimental Program to Stimulate Competitive Research - a joint program of the National Science Foundation and 22 states, including Maine), in the U.S. and New England. From 1987 to 2004, Maine has remained below the nation and the region on this measure. This is also true for EPSCoR states, but the gap is narrower.

The Growth Council considers the 3% benchmark the minimum investment necessary to expand Maine's innovation-driven economy and increase competitiveness with the U.S. The Growth Council believes that a benchmark set at the New England rate was unrealistic, given that the Boston area is one of the R&D capitals of the country. Greater R&D investment, particularly from Maine's private industry, will be necessary to achieve the goal.

A growing R&D sector in Maine creates wide-ranging economic benefits, chief among them better jobs and increased government revenues. R&D performance is a key measure for gauging Maine's competitiveness in the new knowledge economy. To date, Maine has ranked low among all states in this indicator.

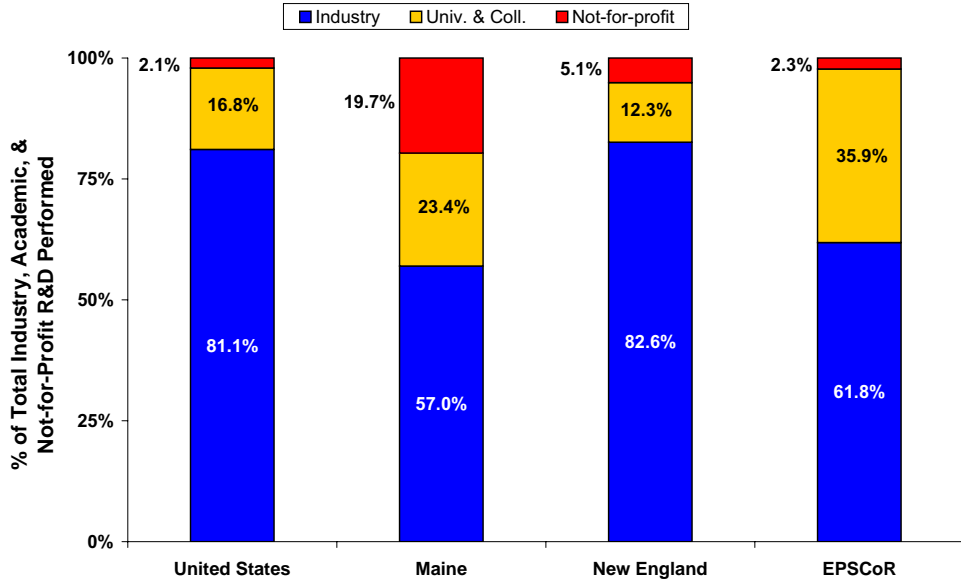
(continued on next page)

*From 1997-2000, chart portrays one-year increments; all other years are in two-year increments.

**Please note there is no Maine data available for 1991

5. Research and Development Expenditures (continued)

R&D by Performance Sector – 2004



Data Source: PolicyOne Research

R&D happens in three sectors: Not-for-Profit*, Academic, and Private Industry. Relative to the nation, region and EPSCoR states, Maine has more R&D in the not-for-profit sector. It must be noted that industry directs resources to universities and not-for-profits to perform R&D. Nonetheless, Maine would like more R&D occurring in the private sector. When industry invests in and performs R&D in Maine, there is a greater chance of commercialization and spinoffs happening in Maine. This will lead to wealth and job creation, growing the Maine economy.

*Not-for-Profit includes only that which is federally funded and therefore the contribution by this sector is understated