

MEASURES OF GROWTH IN FOCUS



2010

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

SIXTEENTH REPORT OF THE MAINE ECONOMIC GROWTH COUNCIL

PREPARED BY THE

MAINE DEVELOPMENT FOUNDATION

V I S I O N

A high quality of life for all Maine people.

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



Prepared for the Maine Economic Growth Council
by the

MAINE DEVELOPMENT FOUNDATION

2010 Performance Measures of the Maine Economic Growth Council

ECONOMY

Prosperity

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

Business Innovation

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

Skilled and Educated Workers

- ⊖ 🚩 10. Higher Degree Attainment

Business Climate

- ⊕ 11. Cost of Doing Business
- ⊖ 🚩 12. Cost of Health Care
- ⊖ 🚩 13. Cost of Energy
- ⊕ 14. State and Local Tax Burden
- ⊖ 15. Transportation Infrastructure
- ⊖ 16. On-the-job Injuries and Illnesses

COMMUNITY

Civic Assets

- ⊕ 17. Affordable Housing

Disparities

- ⊕ 18. Poverty
- ⊕ 19. Gender Income Disparity

Health and Safety

- ⊕ 20. Chronic Disease
- ⊖ ★ 21. Health Insurance Coverage

ENVIRONMENT

Preservation

- ⊕ 22. Conservation Lands

Stewardship

- ⊕ 23. Sustainable Forest Lands

Access

- ⊖ 24. Population of Service Center Communities

KEY TO SYMBOLS

GOLD STARS & RED FLAGS

Determining which performance measures receive Gold Stars and Red Flags are judgments made by members of the Maine Economic Growth Council. These determinations reflect consensus of the group and are based on consideration of the best data available and the experienced perspective of Growth Council members. Generally, criteria are as follows:

- ★ Exceptional performance.
Very high national standing and/or established trend towards significant improvement.
- 🚩 Needs attention.
Very low national standing and/or established trend towards significant decline. In some cases, there is improvement, but it is still viewed as needing attention.

PROGRESS SYMBOLS

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

- ⊕ We have moved toward the benchmark since last available data.
- ⊖ We have moved away from the benchmark since last available data.
- ⊖ We have no significant movement either way since last available data.

POSITIONING MAINE FOR GROWTH IN THE NEW ECONOMY

It is difficult to think beyond the immediate problems and challenges of the world when dealing with the fallout from the biggest economic recession in recent memory. There are so many issues that need our attention right here and now. But, it is precisely during these downturns that states, just like companies, must position themselves for growth when the economy finally turns around.

Despite the urgency, the long-term plan has not changed and the fundamentals of development and growth are more important than ever. Investments in higher education and R&D will raise incomes and create wealth. We need to continue investment in our workforce and in our infrastructure. We need to support investments that will grow the “new economy” in Maine.

The term “new economy” is often used and defined in a variety of ways. The Kauffmann Foundation’s *2008 State New Economy Index* report offers a useful definition for the “new economy.” The definition outlines five key characteristics that are in line with the goals and priorities within the *Measures of Growth* report.

THE CHARACTERISTICS OF THE NEW ECONOMY

- **Knowledge-Dependent** – Jobs in the new economy will require a trained workforce with advanced skills and technical expertise.
- **Global** – We do business worldwide and must be ready to operate and compete in many markets.
- **Entrepreneurial** – The new economy is constantly evolving with the majority of job growth coming from new small businesses and the entrepreneurs that create them.
- **Connected** – Now more than ever connectivity and ability to communicate with other people and businesses directly affects productivity.
- **Innovation-Driven** – New business ideas are the drivers of economic growth and profitability and the reason for the increasing investment in R&D throughout industry.

The *Measures of Growth* report offers a means of weighing and prioritizing investment decisions. This report provides measures and targets for a number of economic indicators essential to competing in the new economy. This, in turn, provides a decision maker with the ability to focus their efforts. Focus will be essential as we work to position Maine for growth beyond the current recession and look toward building a new economy.

BENCHMARKS

The reader will notice that many of the benchmarks have been changed for this edition of the report. In the context of formulating a plan to take action, benchmarks provide a goal or a target and are, therefore, critical. Because of their importance, we need to revisit them from time to time to ensure that they are timely and in line with the changing world.

The Council felt that this was a proper time to reevaluate the benchmarks. First, some of benchmarks are approaching their target dates and need to be reset. Second, the current economic recession has brought about some big changes in the economy and the effects will be felt well into the future.

While setting the new benchmarks, the Council took some time to reflect upon our progress (or lack of progress) in reaching the twenty-four targets. The following are some successes:

- **On-the-job Injuries and Illnesses** – Maine industry has made great improvements in this area and we have managed to gain a little ground on the national average.
- **Poverty** – Maine’s poverty rate has remained below the nation’s, but remains a problem for some.
- **Health Insurance Coverage** – Maine continues to out perform the nation but this is getting more difficult as insurance becomes more expensive.
- **Chronic Diseases** – Death due to major chronic disease has been on the decline.
- **Conservation Lands** – Maine is on track to hit this target.

Unfortunately, there are a number of indicators where Maine did not hit the benchmark and, in some cases, got worse. The following are few of the most critical:

- **Cost of Health Care** – On the rise and a burden for all.
- **Cost of Energy** – Remains an issue for industry and homeowners alike.
- **Connectivity** – Maine is falling behind in the construction and maintenance of its communications and transportation infrastructure.
- **Income** – Despite recent gains, many Mainers continue to lack the means to meet their needs.

The Council believes that it has struck the proper balance of high aspirations and pragmatism with these new benchmarks in a way that sets us on the proper path for the years to come.

THE NATURE OF DATA

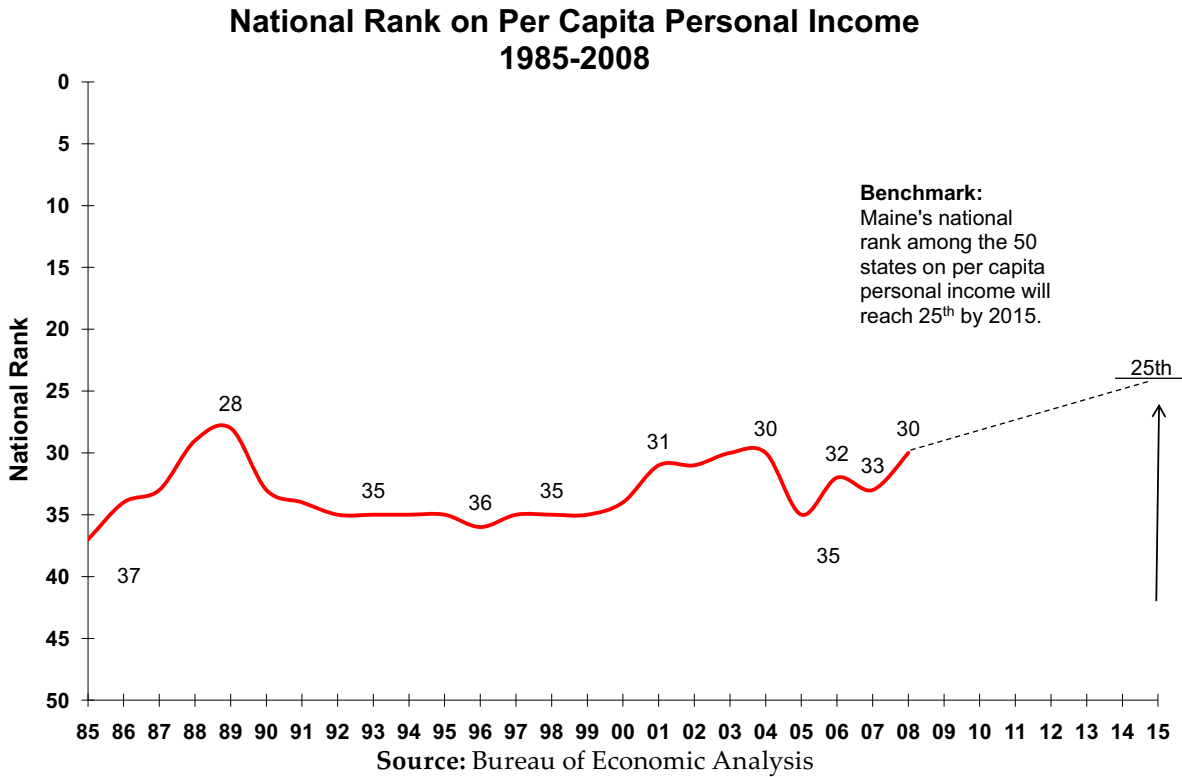
The most useful report for policymakers is founded on the most accurate and timely data. Much is done to ensure that the information within these pages supports good decision making. Regardless, data by its nature has a level of uncertainty. The best data has been collected in a way that manages this uncertainty. It is regularly revised as more information and better methodologies become available. As a result, data changes regularly as we strive for greater accuracy and less uncertainty. Despite changes, what does remain the same are the trends and the policy implications.





1. Per Capita Personal Income

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



Per Capita Personal Income Ranking Improves

Per capita personal income is the income received from all sources, divided by the state's population. Sources of income include wages, salary, supplements, rents, dividends, interest, and transfer payments. In 2008, Maine's per capita personal income was \$36,457, ranking 30th among all states. This represents an improvement from the previous year's ranking of 33rd. In real terms (adjusted for inflation), per capita personal income in Maine remained relatively unchanged from the previous year.

From 2007 to 2008, Maine experienced greater growth in per capita personal income than the nation – 3.9% versus 2.0%. As a result, Maine's per capita personal income gained some on the national average. In 2008, Maine's per capita personal income was 91.7% of the national average of \$40,208. This marked an improvement from the previous two years.

Regionally, the situation remains the same. New England's average 2008 per capita personal income of \$49,146 was higher than both the national average and Maine. Individually, the other five New England states ranked better than Maine and those rankings changed little from the previous year.

Increasing personal income continues to be fundamental to a high quality of life for Maine people and is a reflection of economic growth and prosperity. Higher incomes stimulate consumer spending, create greater savings, and can lower tax burden and household debt. Higher incomes allow people to secure housing, afford health insurance, and pursue higher education. Stagnant income growth is problematic in an environment of rising prices of essential goods like food, medicine, and fuel.

The Growth Council has set the goal of Maine ranking 25th in per capita personal income by 2015. Maine ranked 28th nationally in 1989, therefore 25th seems attainable.

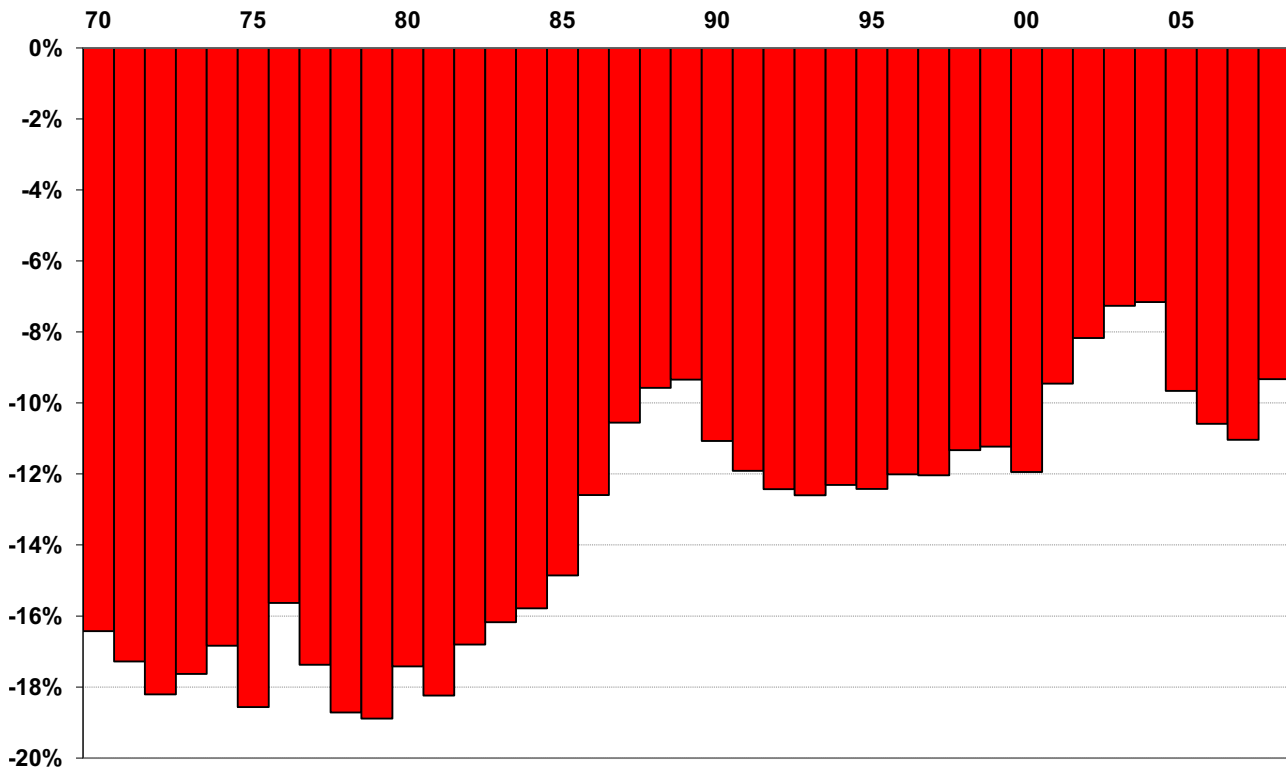
1. Per Capita Personal Income (continued)

2008 Per Capita Personal Income and National Rank New England States		
	Income	Rank
United States	\$40,208	
New England	\$49,254	
Connecticut	\$56,272	1
Massachusetts	\$51,254	3
New Hampshire	\$43,623	10
Rhode Island	\$41,368	16
Vermont	\$38,686	24
Maine	\$36,457	30

Source: Bureau of Economic Analysis

The graph below shows that Maine has closed the income gap with the U.S. from 1970 to 2008. In recent years, that gap has widened somewhat but 2008 marks a year of improvement.

**Per Capita Personal Income Gap 1970- 2008
(% Points Maine Income Lags U.S.)**



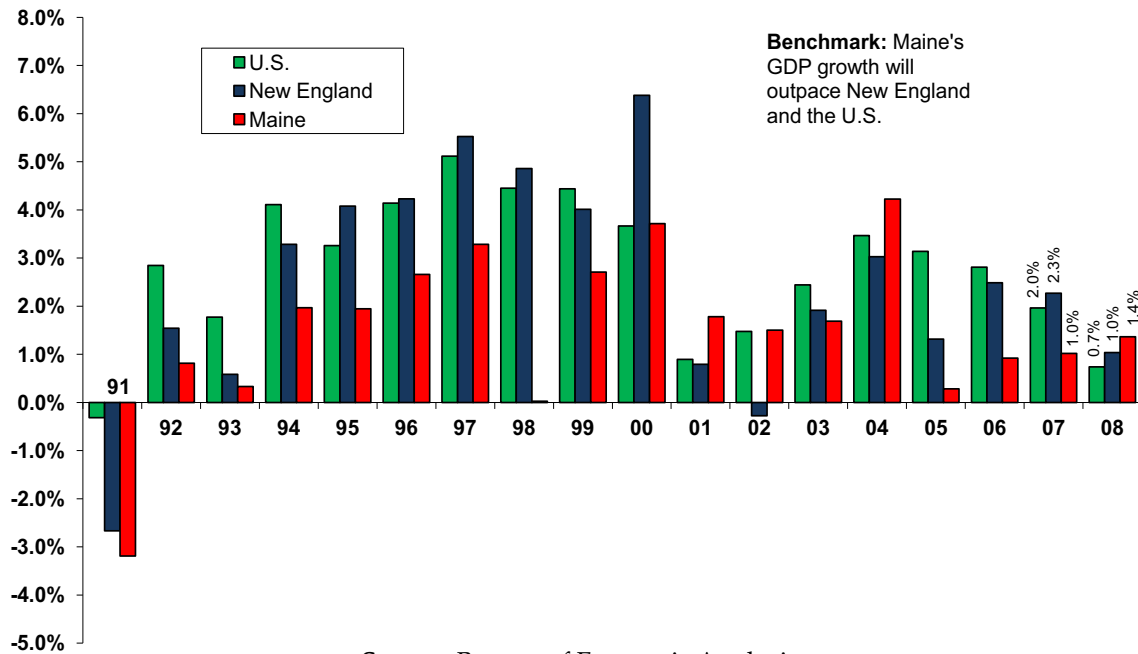
Source: Bureau of Economic Analysis



2. Gross Domestic Product

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

Real Gross Domestic Product Growth Rate
U.S., New England and Maine 1991-2008



Source: Bureau of Economic Analysis

Maine GDP Grows at Faster Rate than Region and Nation

Gross Domestic Product (GDP) is the value added in production by labor and property located in a state. It is a fundamental measure of economic health and the primary determinant of the extent to which an economy is growing or in recession. The sum of value added in all industry sectors totals GDP.

Maine's GDP experienced real growth (adjusted for inflation) of 1.4% from 2007 to 2008. During the same time period, New England and U.S. GDP grew at 1.0% and 0.7% respectively.

Maine's economy grew at a slightly faster rate than the previous year. Both the New England and national economies experienced slower growth than the previous year. Over the five years from 2003-2008, Maine's GDP experienced real growth of 8.0%. This is less than the nation's 12.7% growth and New England's 10.5% growth for that same time period.

The table to the right shows the relative contribution to GDP by major industry sector in Maine. Real Estate, Manufacturing and Government continue to account for nearly two-fifths (39%) of total output in 2008. This is approximately \$15.7 billion. Another fifth, or \$8.9 billion, comes from the Retail and Health Care sectors. Real Estate, Manufacturing and Health Care all experienced growth of greater than 1.0% in their contribution to GDP. The greatest rate of growth was seen in the Management sector. Seven sectors experienced declines.

Industry Sector	GDP Millions of Dollars	% of Total	% Change 07-08
Real Estate	\$5,473	14%	4.0%
Manufacturing	\$5,261	13%	1.7%
Government	\$4,966	12%	-0.2%
Retail Trade	\$4,592	11%	0.7%
Health Care	\$4,305	11%	3.5%
Finance and Insurance	\$2,490	6%	-1.2%
Professional/Tech Services	\$2,250	6%	11.2%
Wholesale Trade	\$2,095	5%	-4.7%
Information	\$1,498	4%	1.6%
Construction	\$1,285	3%	-6.6%
Lodging and Food Services	\$1,226	3%	0.2%
Admin. and Waste Services	\$979	2%	7.9%
Trans. and Warehousing	\$910	2%	-3.5%
Other Services	\$810	2%	0.2%
Utilities	\$781	2%	-0.9%
Agriculture, Forestry, Fishing	\$643	2%	0.3%
Management	\$494	1%	14.6%
Arts, Entertainment, Rec.	\$371	1%	0.5%
Educational Services	\$345	1%	-1.4%
Mining	\$10	0%	11.1%

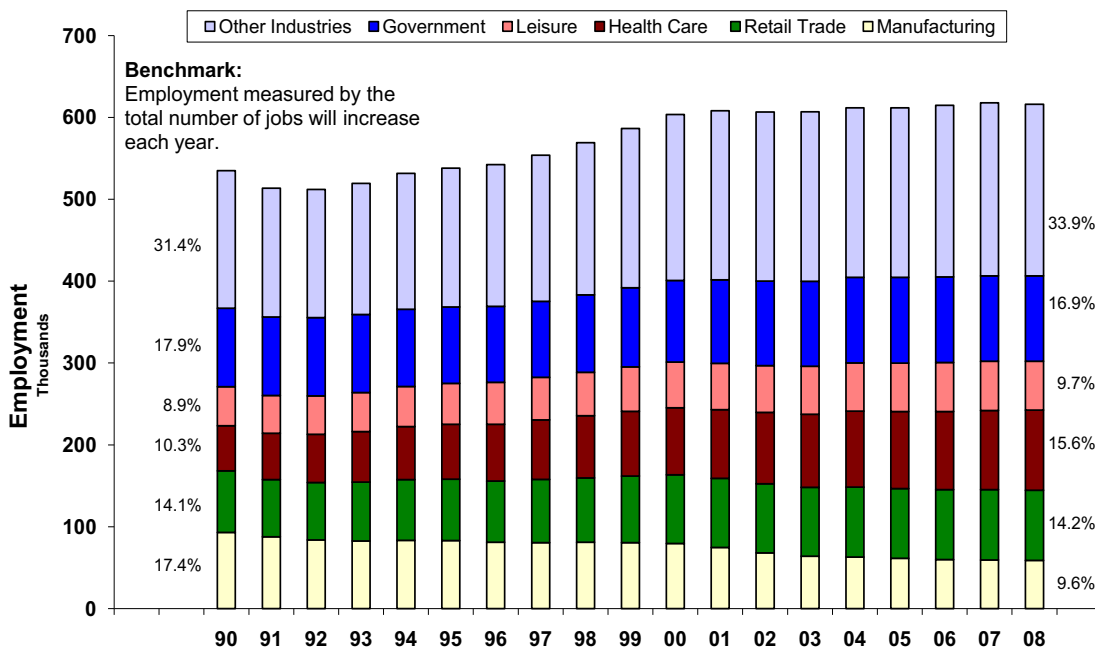
Source: Bureau of Economic Analysis

3. Employment

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



Maine's Average Annual Nonfarm Wage and Salary Employment* by Industry Sector 1990-2008



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

No Growth in Maine Employment

From 2007 to 2008, Maine experienced a loss of 1,800 jobs. This is a 0.3% decrease and marks the first decrease since 2002 according to this data.

As the table on the following page highlights, from 2007 to 2008, only three sectors experienced growth: Professional and Business Services (3.7%), Educational Services (0.5%), and Health Care and Social Assistance (1.6%). All other sectors recorded losses.

Manufacturing continues to lose jobs. These losses are consistent with national trends. Two structural factors influencing this trend are the outsourcing of manufacturing to other regions of the world and advancements in productivity. There is also a cyclical decline in demand due to the weakening economic conditions experienced during this most recent recession. The net combined effect has been fewer jobs.

Maine's current investments in areas such as job training, education, and research and development (R&D) are intended to grow the economy and in turn create good jobs. Some of the state's investments in R&D have created new manufacturing niches, such as composite building materials. This has strengthened existing industries such as boat building, wood products, and textiles. All companies, particularly those in new emerging sectors like wind-power, depend upon a trained workforce. Continued investment in education will prepare Maine's workforce for the future. Advanced training of any type can improve the existing workforce and help those separated from today's economy get reattached.

It is more important than ever to get both our future and present workforces trained for growth industries. Maine is facing several challenges. The immediate future will see high unemployment and considerable job loss due to the biggest economic recession in decades. (At the time of this publication, Maine has lost

(continued on next page)

*Nonfarm employment figures relate to full and part-time wage and salary workers in pay periods including the 12th of the month.

3. Employment (continued)

Employment Growth in Maine by Sector 2007-2008		
Sector	Jobs Gained/Lost	Growth
Manufacturing	-500	-0.8%
Retail Trade	-300	-0.3%
Health Care and Social Assistance	1,500	1.6%
Leisure and Hospitality	-600	-1.0%
Government	-100	-0.1%
Natural Resource and Mining	-200	-7.4%
Construction	-1,600	-5.2%
Transportation, Warehousing, and Utilities	-800	-4.2%
Wholesale Trade	-400	-1.9%
Information	-400	-3.6%
Financial	-600	-1.8%
Professional and Business Services	2,000	3.7%
Educational Services	100	0.5%
Other Services	0	0.0%

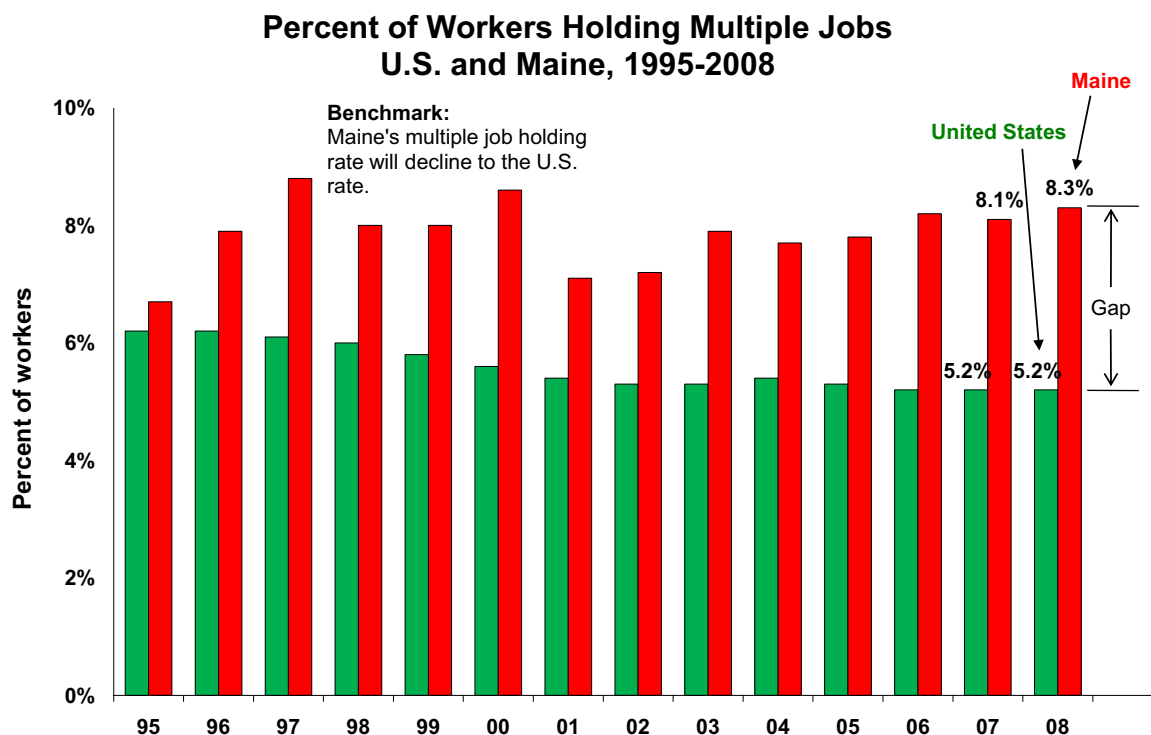
Source: Maine Department of Labor, Center for Workforce Research and Information

over 30,000 jobs since the start of the recession.) Many Mainers will be looking for employment and they will need the proper skills and education to do that.

Down the road, Maine will be faced with a large number of “baby boomers” reaching retirement age. Currently, there are not enough workers in Maine to fill those vacancies. Additionally, with that workforce goes experience and institutional knowledge essential to the various sectors of the Maine economy. This will require training the existing workforce as well as attracting new workers from out-of-state.

4. Multiple Job Holding

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



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

Maine's Multiple Job Holding Rate Remains Above 8%

Multiple job holders hold two or more jobs during a given period or they are self-employed in addition to holding other jobs. In 2008, 8.3% of all Maine workers were multiple job holders. This rate was over 1.5 times the national rate of 5.2% for that same time period. Maine's multiple job holding rate has been higher than the U.S. rate since 1995 and this indicator has not moved toward the benchmark in recent years.

The Growth Council views this measure as a proxy for job quality in Maine. The relatively higher multiple job holding rate in Maine suggests that many jobs are not paying a livable wage or providing adequate benefits to meet basic needs. Other reasons that workers hold multiple jobs include earning extra money, wanting a different experience, and enjoyment of a second job.

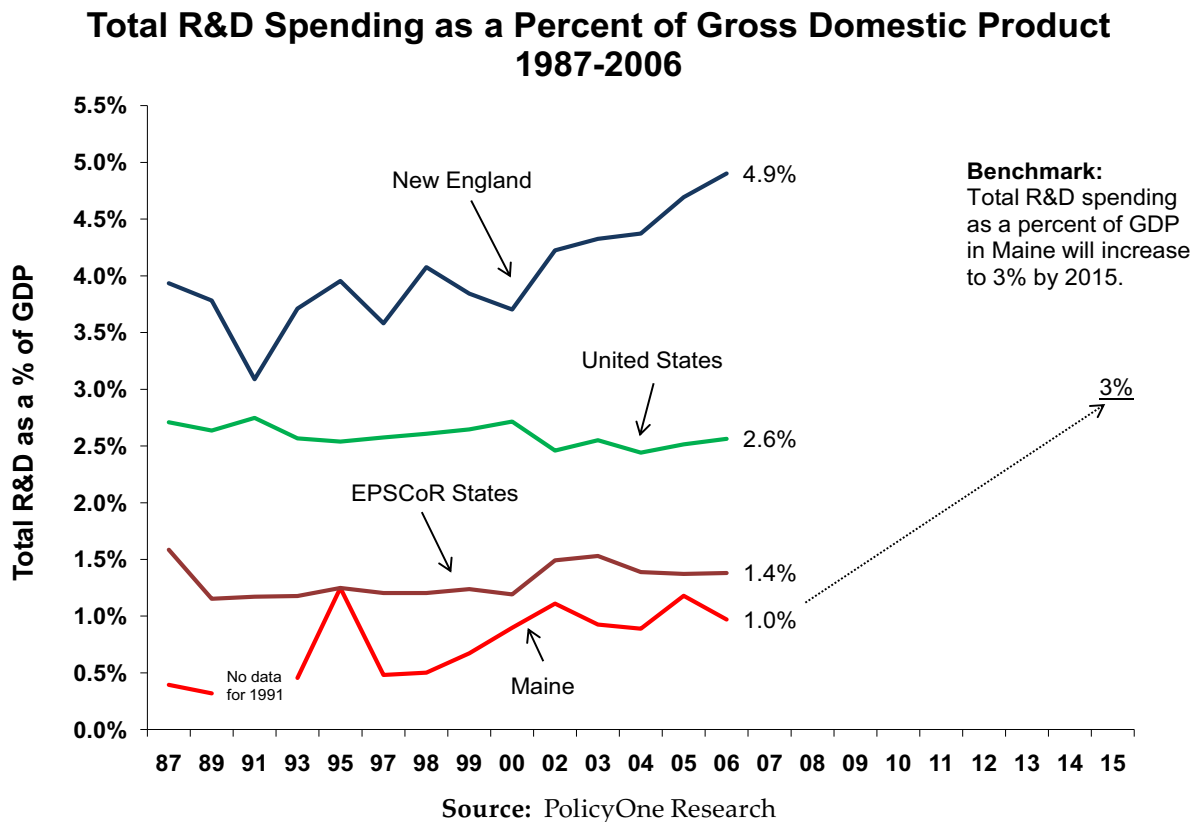
The Maine Department of Labor has suggested two reasons why Maine's rate is higher than the national rate: high degree of seasonal work and growth in retail trade and other services where part-time work is prevalent. They also state that it is possible that the rate at which workers hold more than one job in Maine to meet expenses or pay off debt exceeds the national rate due in part to the industrial structure and resultant relatively low average wages of Maine workers. This can negatively affect families as parents are forced to spend more time at work and less time at home.

This indicator reflects, to some extent, stagnant wage growth experienced by workers and declining employer-provided benefits due to the rising cost of health care and insurance.



5. Research and Development Expenditures

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



Research and Development Investment Declines in 2006

Total R&D investment was 1.0% of GDP in Maine in 2006. This represents \$450 million of investment and a decrease of approximately \$70 million from the previous year. Maine's rank among all states was 38th in this measure. This is an improvement from 1998 when Maine ranked 46th in this measure.

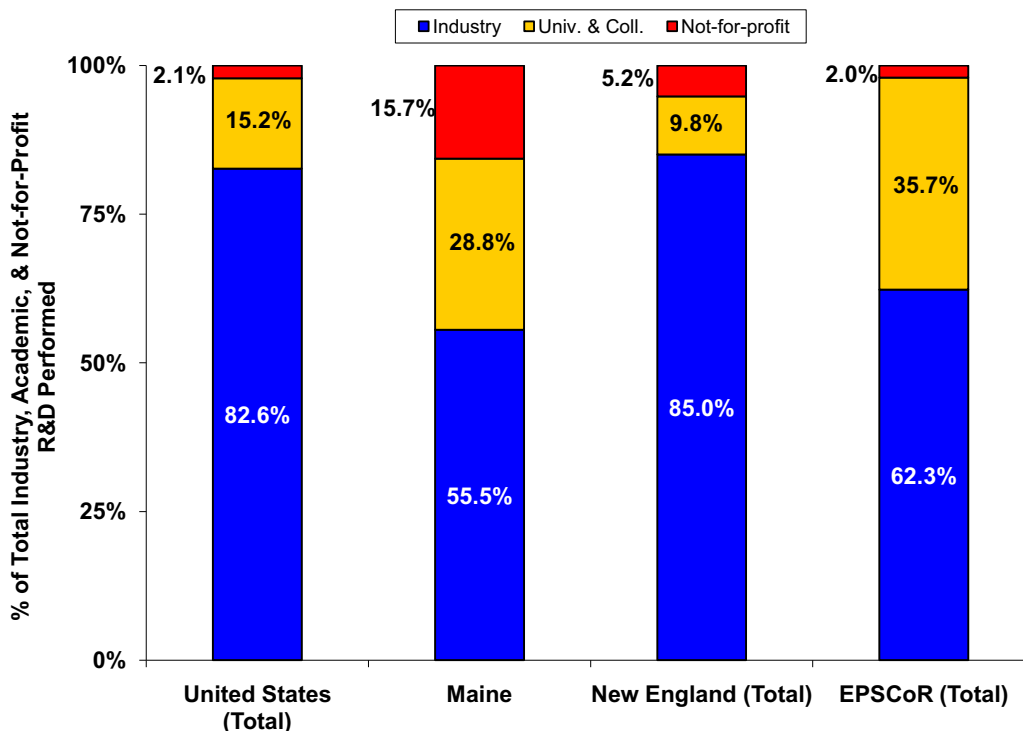
This measure compares Maine with other EPSCoR states (Experimental Program to Stimulate Competitive Research - a joint program of the National Science Foundation and 22 states, including Maine), the U.S., and New England. From 1987 to 2005, Maine has remained below the nation, the region, and EPSCoR states on this measure.

The Growth Council considers the 3% benchmark the investment necessary to expand Maine's innovation-driven economy and increase competitiveness with the U.S. This is also the goal set by the Maine Innovation Economy Advisory Board in the state's *2010 Science and Technology Action Plan*. The benchmark would have been achieved in 2006 with an additional \$1 billion of investment. 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.

5. Research and Development Expenditures (continued)

R&D by Performance Sector – 2007



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. It is important to have a large share of R&D investment coming from industry. 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.

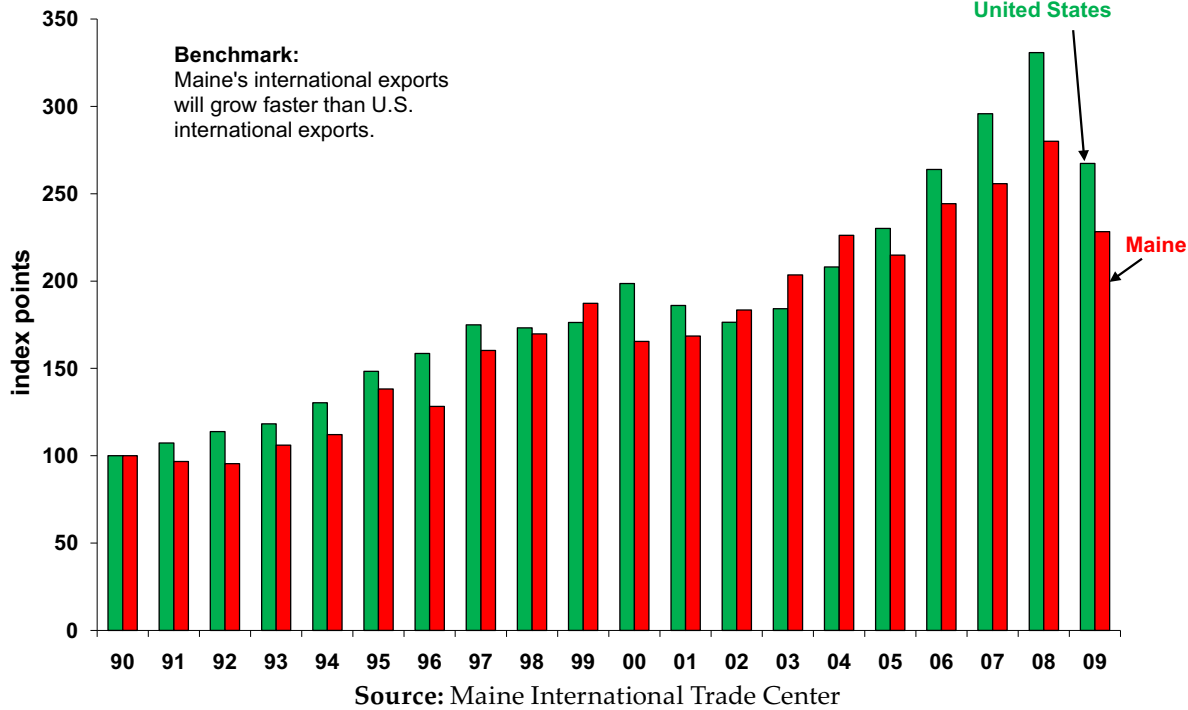
Note: From 1997-2000 & 2002-2005 chart portrays one-year increments; all other years are in two-year increments. Please note there is no Maine data available for 1991.



6. International Exports

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

International Exports, U.S. and Maine (Indexed from 1990)
1990-2009



U.S. and Maine Exports Experience Decline in Recession

The Maine International Trade Center estimates that Maine exported almost \$2.5 billion of commodities in 2009. This was a decrease of 18.5% from 2008. This was slightly less than the national decline of 19.2%. International exports, both in Maine and across the nation, have declined considerably during this most recent recession. Even with the decline, Maine exports have not gained ground on national numbers. International markets represent real growth opportunities for Maine businesses. It is important for Maine businesses to have access and the ability to meet demand in these markets. It is important for the State of Maine to continue building international relationships in order to identify market opportunities for Maine businesses.

The major commodity groups all experienced a decline in Maine. Electric Machinery exports experienced one of the biggest declines from \$895 million in 2008 to \$419 million in 2009 – a decrease of over 50%. This commodity went from representing 29% of all exports to 17% of all exports.

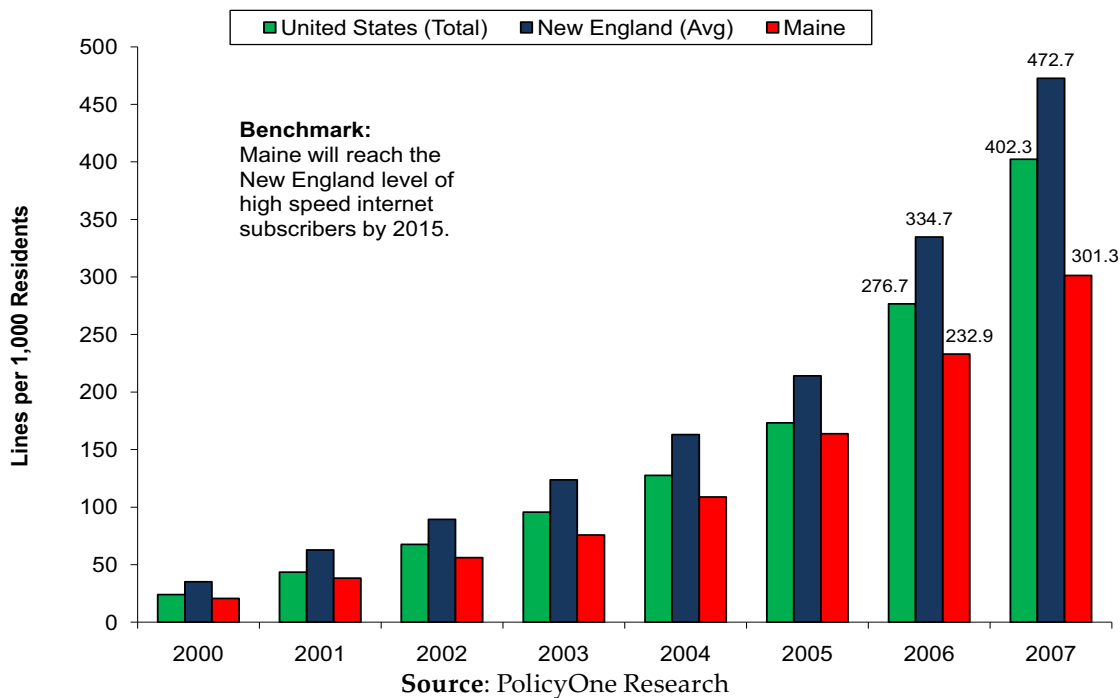
Maine's top trade partner continues to be Canada (36%), followed by Malaysia (15%), Saudi Arabia (8%), Mainland China (6%), and Japan (4%). The remaining 31% of exports are purchased by over 170 countries worldwide.

Commodity	2009	2009 % of Total
Electric Machinery; Sound Equip; TV Equip; Pts	419	17.1%
Forest Products Sub-Total	663	27.0%
<i>Paper & Paperboard</i>	284	11.6%
<i>Pulp Of Wood Etc.</i>	156	6.4%
<i>Wood And Articles Of Wood</i>	224	9.1%
Vehicles, Except Railway Or Tramway, And Parts Etc	347	14.1%
Fish, Crustaceans & Aquatic Invertebrates	168	6.8%
Industrial Machinery, Including Computers	136	5.6%
Ships, Boats And Floating Structures	12	0.5%
Other	710	28.9%
Total Exports	2,455	100.0%

7. High Speed Internet Subscribers

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

High Speed Internet Lines (Subscribers) per 1,000 Residents
2000-2007



High Speed Connectivity in Maine Grows at a Slower Rate than Region and Nation

A data update was not available at the time of publication. This is the same data from the previous publication of this report. There were approximately 300 high speed internet subscribers per 1,000 residents in Maine in 2007. This represents growth of 29% from the previous year and growth of almost 300% since 2003.

Despite increased subscriber numbers, Maine still trails the region and nation in this measure. This gap increased between 2006 and 2007. In 2007, there were 472 subscribers per 1,000 residents in New England and 402 in the nation. This represents subscriber growth of 41% and 45% respectively from the previous year.

Internet access is a challenge in low-density population states like Maine. This not only affects rural residents and businesses but those all over the state, living in pockets just outside of internet and cable service areas. Service providers make infrastructure investments based on population numbers. They often set a minimum density level for areas where they make investments. The technology requires customers to live within a certain distance of this infrastructure. Beyond this distance, customers are unable to receive the service. This applies to both wire and wireless service. There are other options available, such as satellite service, but the user may need to make a substantial upfront investment.

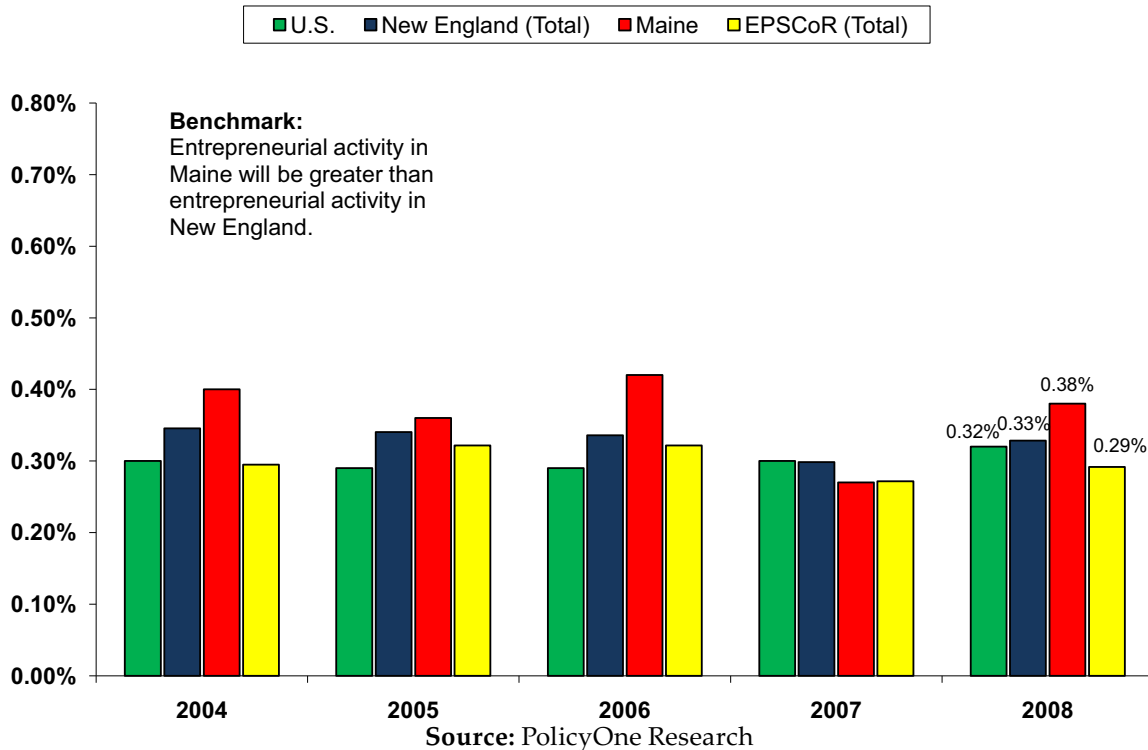
Expansion of internet and telecommunication technology is essential for economic growth and the well being of Maine's residents. This technology allows companies to compete in the greater global economy and provides opportunities for Maine's entrepreneurs to live in communities across the state and make a living. This technology also creates educational opportunities, improves health care delivery, and keeps people connected with the rest of the world, regardless of where they live. Investments in all forms of connectivity infrastructure are critical as Maine seeks to integrate and compete in the global economy.



8. New Business Starts

Benchmark: Entrepreneurial activity in Maine will be greater than entrepreneurial activity in New England.

INDEX OF ENTREPRENEURIAL ACTIVITY 2004 - 2008



New Business Activity in Maine Outpaces New England and Peer States

This is a new take on an old indicator. The Council chose the chart above and the supporting data in the following narrative to tell the story of new business activity in Maine.

The entrepreneurial index reports the percent of individuals ages 20-64 who start a new business in a month (15 or more hours worked per week) that did not own a business the previous month. From 2004 through 2008, the index shows a higher rate of entrepreneurial activity in Maine compared to New England, EPSCoR states, and the nation. These trends are supported by other data sources.

The Maine Department of Labor recently began tracking the survival rate of new businesses, the jobs they create, and the wages those jobs pay. From the fourth quarter of 2005 to the fourth quarter of 2006, of 1,731 new business starts in Maine, 1,472 survived. This is a survival rate of 85%. By the fourth quarter of 2006, the 6,076 jobs created by those surviving businesses grew to 6,480, a growth rate of 6.6%. This was higher than the 0.9% growth rate for employment across the total private sector. Average quarterly wages for those jobs, although lower than the average quarterly wage for the total private sector, grew 5.2%. This was higher than the 3% growth experienced in the total private sector.

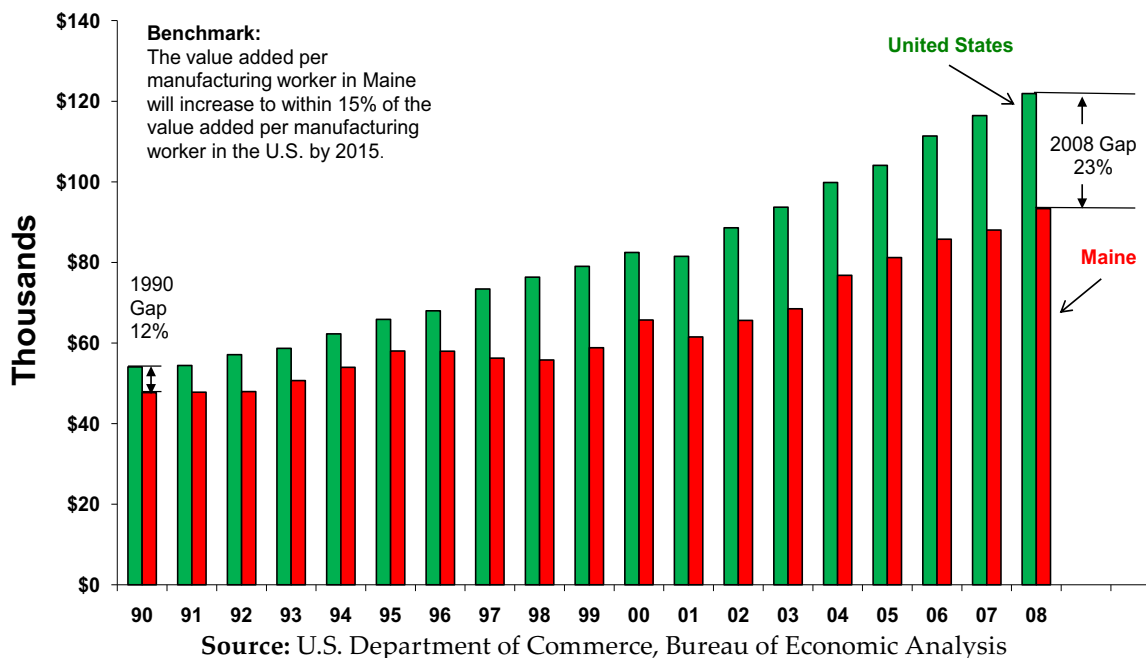
An important subset of new business activity is microbusiness. These are businesses with five or fewer employees. The University of Maine's School of Economics tracks microbusiness activity in Maine and New England. Maine microbusinesses account for 22% of employment in Maine, second only to Vermont (23%) in New England and higher than the nation at 18.6%. From 2006 to 2007, Maine experienced a microbusiness growth rate of 3%. This was higher than the 2.3% experienced in New England but lower than the 4% experienced nationally.

9. Manufacturing Productivity

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



**Value Added per Manufacturing Worker
U.S. and Maine 1990-2008**



Despite Small Gain, Productivity Gap Remains Large Between Maine and U.S.

In 2008, a manufacturing sector worker in Maine produced on average \$93,345 of product. This represents an increase of \$5,320 from the previous year, or a 6% increase. During the same time period, U.S. manufacturing productivity* experienced growth of \$5,487 per worker or a 4.7% increase for a per worker contribution of \$121,923.

Both Maine and the United States have experienced consistent increases in worker productivity over time. However, the 23% productivity gap in 2008 between the United States and Maine is approximately the same size gap that has existed since 1997. In that time, Maine has made little positive advancement on the benchmark for this indicator. In order for Maine manufacturers to remain competitive, they must improve their productivity relative to the rest of the nation. If they do not, they will lose business to those companies that can. This has serious implications for the Maine economy. Despite declines in manufacturing employment the sector's overall contribution to GDP is still large at 13% or \$5.3 billion. Improvements in productivity come about from capital improvements and investments in worker training and education that add value to the product. These investments must be stepped up if Maine is to close the gap with the U.S. and remain competitive.

In 2006, the Maine Legislature created a Personal Property Tax Exemption that went into effect in 2008. Under the new law, businesses receive an exemption from municipalities rather than a reimbursement after payment (as was the case under the Business Equipment Tax Reimbursement program). The hope is to create a greater incentive for businesses to make capital investments as they will no longer need to seek reimbursement.

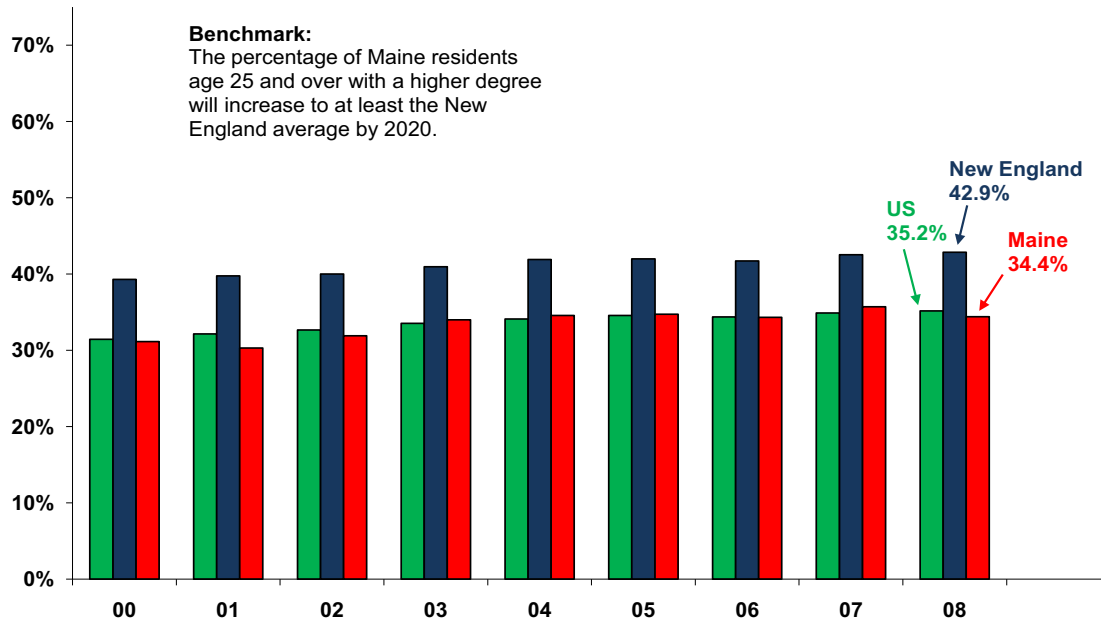
*Productivity is calculated by dividing the total number of manufacturing employees into value added by the manufacturing sector in Maine. Value added is defined as the amount contributed by the sector to the state's Gross Domestic Product. Employment figures do not reflect all manufacturing employees,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



10. Higher Degree Attainment

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

**Higher Degree Attainment Among Residents
Age 25 and Over
U.S., New England and Maine 2000-2008**



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

Share of Higher Degree Holders in Maine Continues to Lag New England

In 2008, just over one-third, or 34.4%, of people in Maine age 25 and over held an associate's, bachelor's or advanced degree. This is slightly lower than the national figure of 35.2% and below the New England region where just over two-fifths, or 42.9%, of people hold a higher degree.

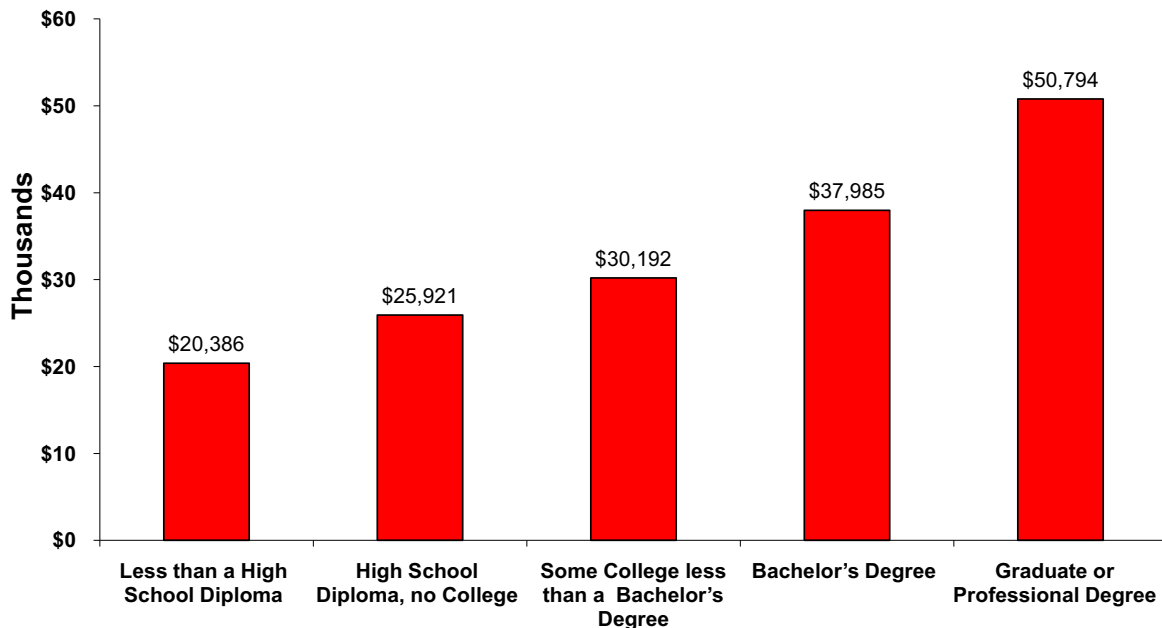
Associate's degrees make up a larger share of the higher degree pool in Maine than in New England or the nation. Bachelor's degrees account for approximately half of all higher degrees in all three areas. Maine lags New England and the nation in the share of degree holders with graduate and professional degrees. Higher degree attainment in Maine has increased slowly since 2000 keeping pace with national numbers. However, Maine has not made any significant progress toward the New England numbers and the benchmark.

Higher education is a critical factor in Maine's economic development. An educated workforce is central to Maine's competitiveness in an era of rapid knowledge advancement around the globe. An educated workforce is a critical consideration for businesses looking to locate and expand in Maine. Educated workers have greater earning potential, particularly those with advanced degrees as the graph on the following page shows. Data shows that occupations requiring higher degrees or advanced training (ex: engineer), on average, contribute more in terms of GDP than other occupations (ex: retail associate).

While higher degree attainment is certainly a means of improving the lives of Maine workers and the Maine economy, it must be noted that any training opportunity is valuable for employees and employers. Traditional degree tracks are not always appropriate for the stage of an employee's life and access and availability vary. The higher education system, particularly the Maine Community College System, continues to be flexible and responsive to the needs of the population and workforce. One key is that participants must complete whatever program or path they have chosen in order to realize the full

10. Higher Degree Attainment (continued)

**2008 Maine Median Earnings
for Population Age 25 and Over by Educational Attainment**



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

financial benefits in the workforce. There are a number of efforts in Maine working to make this happen. Programs like the Maine Employers' Initiative work with the state's employers to help their employees receive advanced training by identifying approaches and resources. Employers themselves have invested more time and money to get their people the training needed to keep them competitive and growing. This public-private approach is what is needed to give more of the workforce the advancement opportunities they need. Other programs like the MELMAC Education Foundation are working to ensure that high school graduates that want to continue their education actually follow through with a plan.

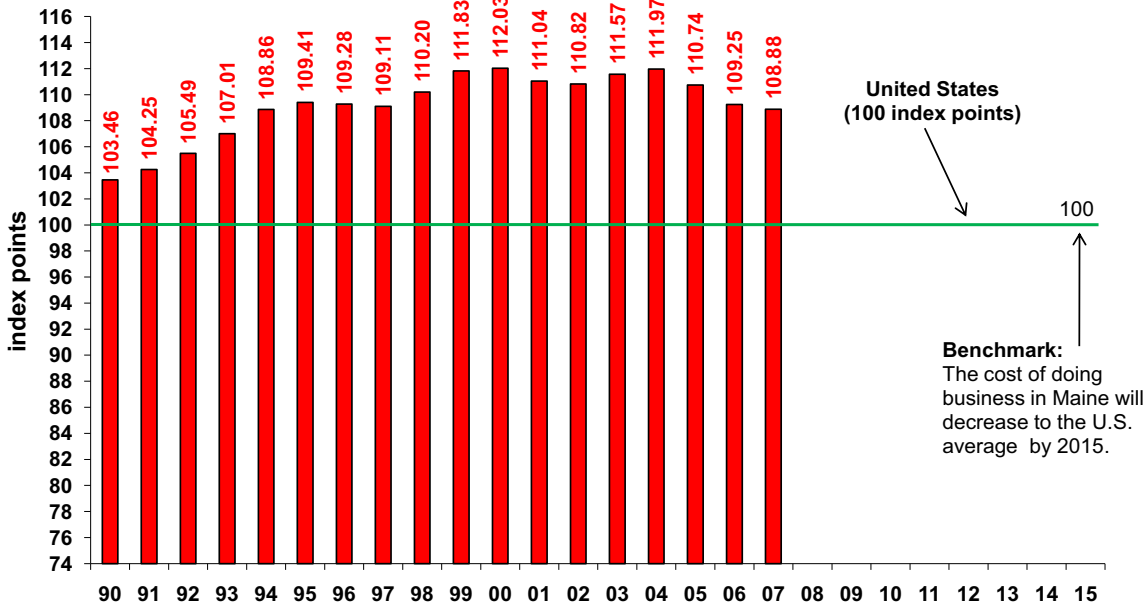
The benchmark for this measure is set to the goal of the Maine Compact for Higher Education. The Compact's goal is to match New England's higher education attainment by 2020.



11. Cost of Doing Business

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

Cost of Doing Business, Maine 1990-2007



Data Source: Economy.com

Maine Makes Slight Improvements in the Cost of Doing Business Index

In 2007, Maine’s cost of doing business was 8.9% higher than the nation according to the Economy.com cost index. This index ranks Maine eighth highest in the nation. This is an improvement from a ranking of 3rd in 1999. The measurement is constructed from labor costs (75%), energy costs (15%) and tax burden (10%).

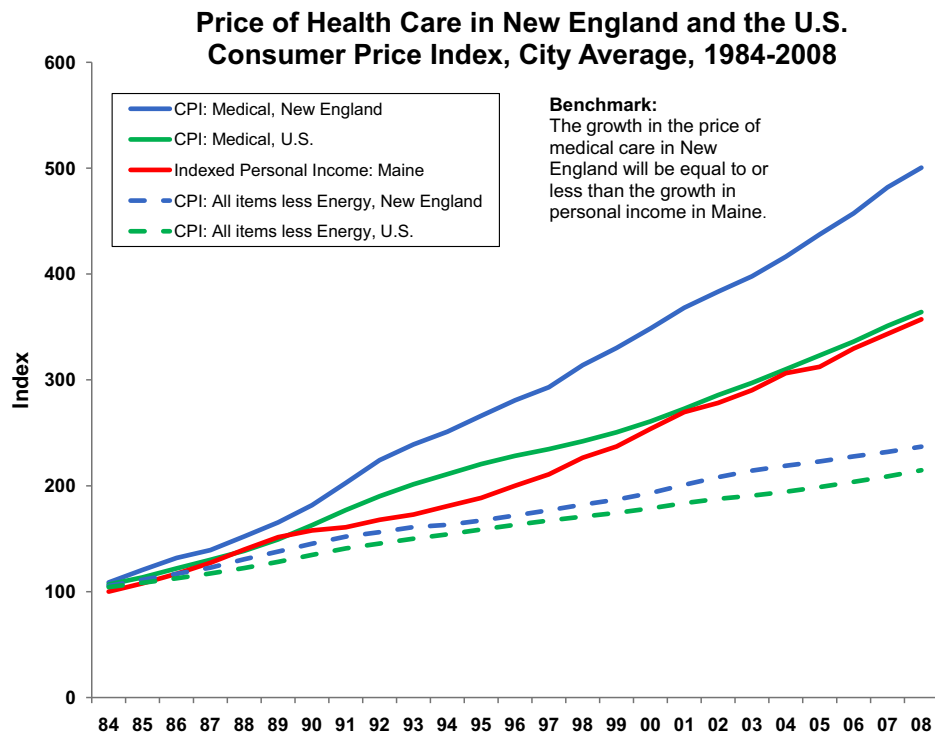
The cost of doing business is a major consideration for businesses looking to locate or expand in the state. Maine wants to be competitive regionally and nationally. Although Maine is in the top 10 nationally, it does not distinguish itself regionally. New England as a region has a higher cost of doing business than other regions in the nation. According to Economy.com, Massachusetts (2), New Hampshire (6), and Connecticut (7), all ranked higher than Maine (8) in 2007. Vermont (9) and Rhode Island (15) ranked only slightly better.

Maine improved on this measure from 2000 to 2007 and continues to make progress in reaching the benchmark. It is important to remember, however, that as energy prices and taxes remain relatively high, improvements in the index standings may be due in large part to cheap labor costs. Although this may be attractive to employers it does not necessarily benefit Maine workers and gets back to the overall need for better incomes.

Cost of Doing Business National Rankings Maine 1995-2007													
	95	96	97	98	99	00	01	02	03	04	05	06	07
Economy.com	7	7	8	5	3	3	3	4	4	4	5	8	8

12. Cost of Health Care

Benchmark: The growth in the price of medical care in New England will be equal to or less than the growth in personal income in Maine.



Source: Bureau of Labor Statistics, and Bureau of Economic Analysis

Cost of Health Care High in New England and in Maine

The graph shows the relative increases in the price of medical care, other consumer items (excluding energy), and Maine personal income over time.

Since 1984, both New England and the nation have experienced a similar growth pattern in prices of consumer items. Overall, the price of medical care has grown at a much higher rate than other consumer purchases and the price of medical care in New England has greatly outpaced national growth. From 1984 to 2008, the consumer price index for medical care across the nation grew approximately 260% compared to growth in New England of approximately 400% for that same time. This outpaced the 257% growth in Maine incomes for that same time. If growth in the price of medical services continues to outpace growth in incomes, health care will become an ever growing share of people's budgets and unaffordable for many.

This growth phenomenon is also supported by available expenditure data. Data from the Bureau of Economic Analysis and the federal Centers for Medicare & Medicaid Services show that total health care expenditures across the nation represented 11.4% of GDP in 1991. By 2004, that grew to 13.4%. In Maine, health care expenditures represented 13.0% of state GDP in 1991 and by 2004, they grew to almost 20%.

Rising health care costs are a burden on Maine's people and businesses. Factors driving these costs include expensive new treatments, inefficiencies in health care delivery, an aging rural population, and overall health status. High costs are an obstacle to accessing care and as a result can lead to poor health. Poor health adversely affects families and communities, interrupts education, and lowers business productivity. Poor health affects every aspect of life.

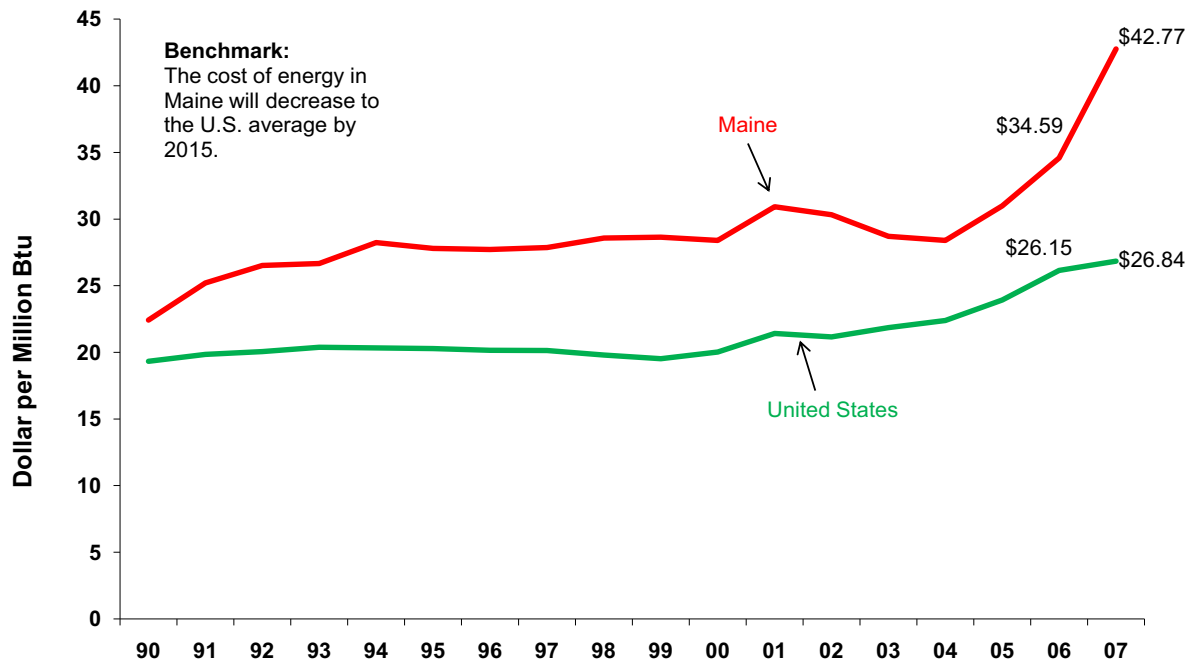
Although increases in price are informative, detailed expenditure data is needed. The absence of this data after 2004 inhibits good policy making.



13. Cost of Energy

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

Retail Electricity Price Maine and U.S. 1990-2007



Source: Energy Information Administration

Price of Energy Remains a Concern for Maine and New England

The cost of energy remains an area of great concern for Maine and the New England region. The data displayed in this chart is the average retail price for all sectors, as reported by the federal Energy Information Administration (EIA).

The most recent data for 2007 shows the average retail price of electricity in Maine was at \$42.77/million British thermal units (Btu.) This was almost 60% higher than the average U.S. price of \$26.84/million Btu. The price gap between Maine and the nation has widened since 1990 when the difference was 16%.

Energy costs in New England have always been high relative to the nation. In fact, Massachusetts and Connecticut both have higher electricity prices than Maine. In recent years, rising gas and oil prices have driven the cost of energy even higher. This affects residents and businesses. Businesses, particularly manufacturers, weigh the cost of energy heavily when making decisions to locate and expand. This puts Maine and the region at a competitive disadvantage relative to the nation and to the north in Canada as Maine Utilities' prices are anywhere from 25% to 65% higher than Hydro Quebec and New Brunswick Power electric prices.

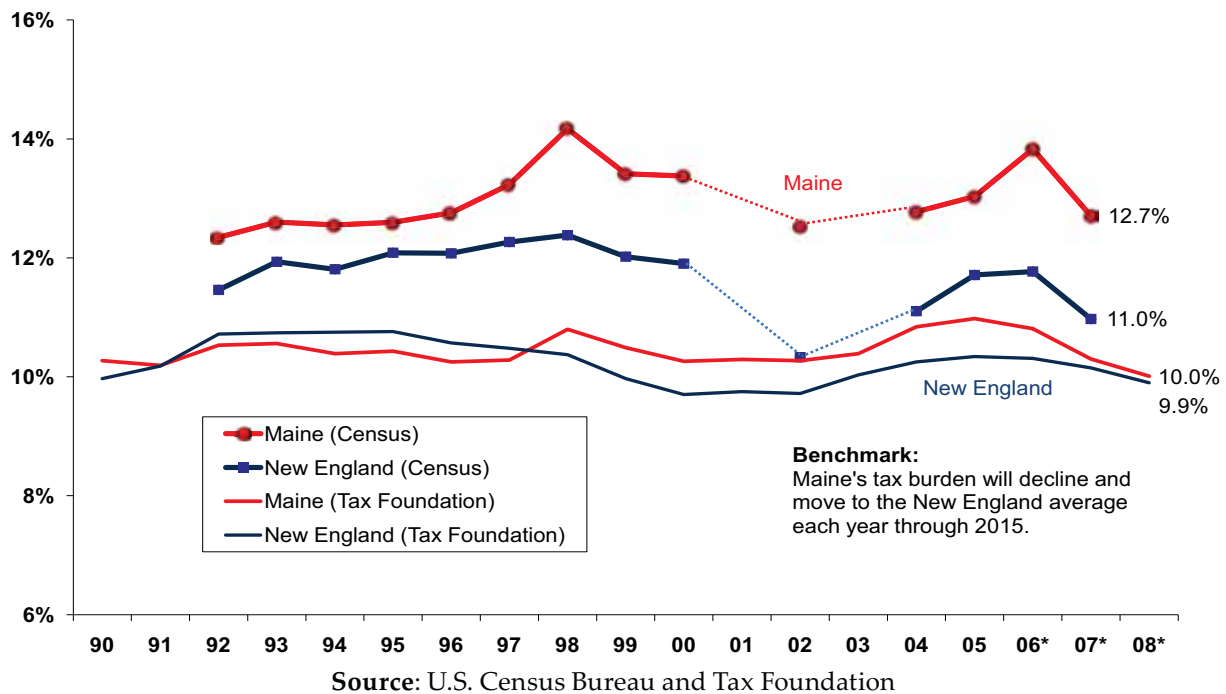
The cost of energy in Maine is subject to a volatile world petroleum market. Because of Maine's dependence upon oil and natural gas for electricity production, home heating and transportation, this leaves the state vulnerable to petroleum price fluctuations and changing world politics. As a result, there is little that can be done within the state to affect these prices. To gain more control and become more energy secure, Maine must become less dependent upon petroleum. This can be accomplished in two broad ways. First, use less energy through efficiency measures. Second, diversify our energy portfolio and be less reliant on any one source.

14. State and Local Tax Burden

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



State and Local Taxes as a Percent of Income
New England and Maine 1990-2008



Maine's State and Local Tax Burden Declines

The tax burden is the average amount of state and local taxes a taxpayer pays for every \$100 of income, reported as a percent. The U.S. Census 2007 estimates show that Maine's total state and local tax burden fell from 13.3% in 2006 to 12.7% in 2007. Tax Foundation calculations put Maine's state and local tax burden at 10.3% for 2007. The Tax Foundation projections, based on growth assumptions, predict a decline to 10% by 2008. Both sources show the average tax burden across New England has been lower than Maine for a decade. Tax Foundation data shows Maine moving closer to New England.

Differences in the two measures are due to adjustments the Tax Foundation makes to the Census data. Census estimates are calculated by dividing total in-state taxes by total in-state income. The Tax Foundation makes adjustments to those numbers to account for a state's effort to "export" taxes. For Maine, the exportation happens with out-of-state homeowners who pay in-state property taxes for second homes. The Tax Foundation adjusted their model to better account for this phenomenon and other shifts for all states. As a result, Tax Foundation numbers for Maine are lower than Census numbers.

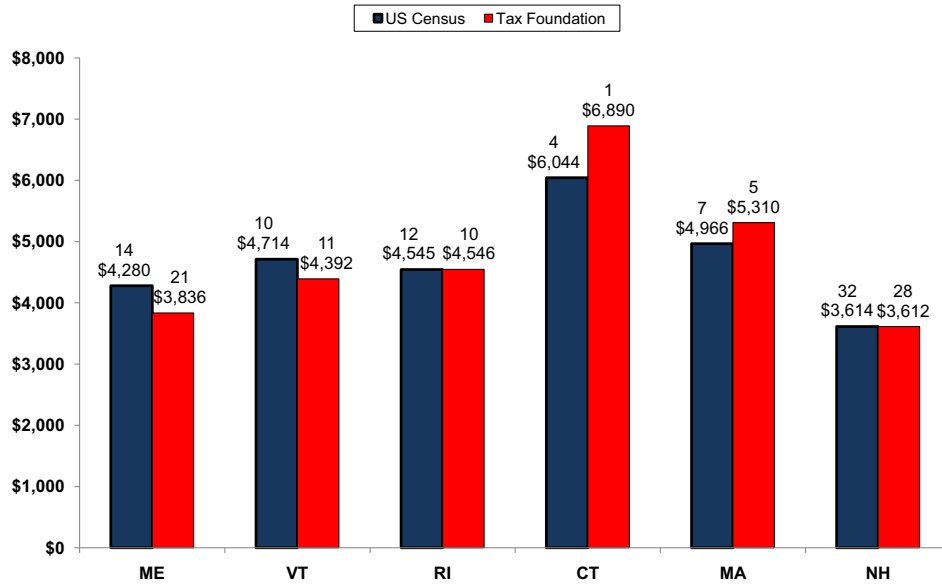
Taxes are a cost and consideration for businesses. Taxes also pay for some services valued by businesses, such as education and transportation. Maine would like to be competitive. Looking at the individual New England states, Census data shows that New Hampshire has had the lowest tax burden in the region and one of the lowest in the nation. Vermont's tax burden is slightly higher and Rhode Island's is slightly lower. The Tax Foundation estimates have Vermont, Rhode Island and Connecticut with lower tax burdens.

Income plays a large role with this measure. As an example, Maine ranked 6th highest in the nation in tax burden (taxes/income) in 2007. When you remove income and just look at tax dollars per capita, Maine drops to 14th. Connecticut (4), Massachusetts (7), Vermont (10) and Rhode Island (12) all had higher per

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14. State and Local Tax Burden (continued)

Per Capita State & Local Taxes and National Ranking 2007

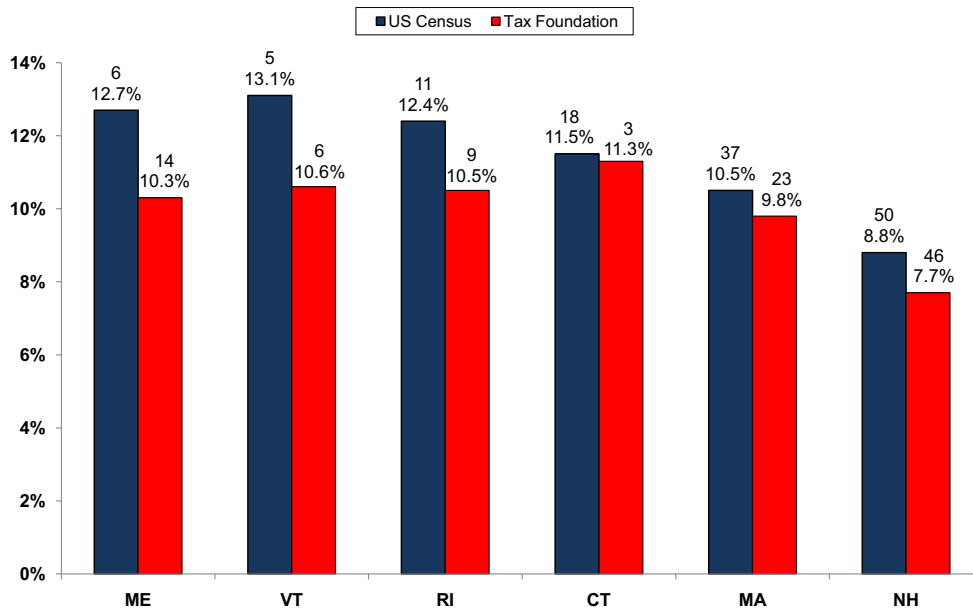


Source: U.S. Census Bureau and Tax Foundation

capita taxes. New Hampshire (32) had lower per capita taxes. On average, in 2007, a Maine taxpayer was paying approximately \$666 more in state and local taxes than a New Hampshire taxpayer and \$1,764 less each year than taxpayers in Connecticut.

Spending also plays a large role. This is complicated by the fact that the cost of health care, energy, and education continues to rise faster than incomes and in turn, tax revenue. The State of Maine is engaged in a number of exercises to cut and streamline service delivery to address a substantial structural budget gap. Recent movement toward the benchmark can be attributed, in part, to decision makers not raising taxes to address shortfalls. Additionally, a pending referendum to lower the income tax rate and expand the sales tax to include more services might also have an effect on this calculation in the years to come.

State & Local Tax Burden and National Ranking 2007



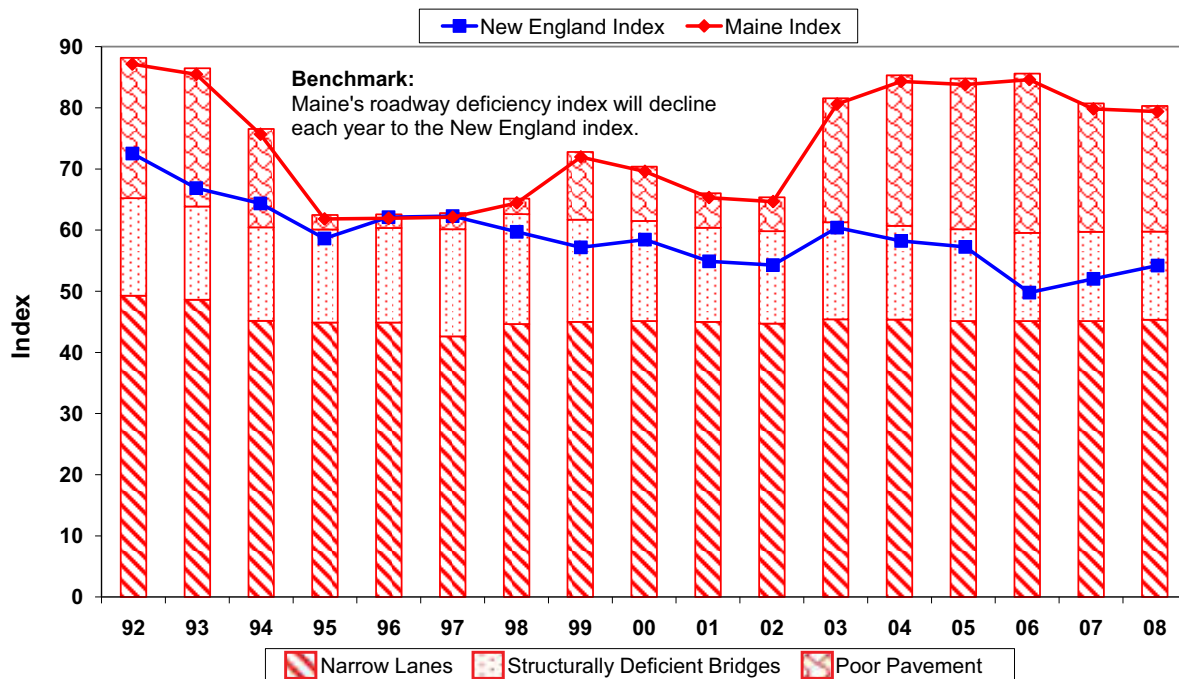
Source: U.S. Census Bureau and Tax Foundation

15. Transportation Infrastructure

Benchmark: Maine's roadway deficiency index will decline each year to the New England index.



Roadway Deficiency Index 1992-2008



Data Source: Maine Tomorrow

No Improvement in Maine's Roadways – Investment Needs Continue

The Roadway Deficiency Index shown above is a composite measure of the percent of pavement in poor condition, the percent of bridges that are structurally deficient, and the percent of road mileage that has lanes narrower than 11 feet, an indicator of a substandard road. The index shows no improvement from 2007 to 2008 in Maine. Maine's roadways continue to be in worse condition than the region's roadways.

Poor pavement conditions result in higher operating costs for vehicles using the roads, increased crash rates, and higher construction costs to return the pavement to good condition. Structurally deficient bridges represent the proportion of bridges eligible for replacement using federal bridge funding. Bridges can also be functionally obsolete, meaning a need for more lanes, wider shoulders, or higher clearances. MaineDOT's website names 386 bridges on its watch list.

Roads with narrow lanes generally are not built to modern standards and often pose safety and reliability problems. This hurts business and industry particularly during the spring thaw when many of these roads have posted weight limits. In Maine, roughly 1,600 to 2,000 miles of roads, 16-23% of the total state roads, are posted each spring. This can shut down many types of enterprises for weeks.

Having quality transportation infrastructure is critical for economic growth. Approximately 85% of Maine's freight and over 95% of all passenger movement takes place on Maine roads. Improvements in all modes of transportation – roads, rail, air, and ports – make Maine more attractive to those interested in doing business here, and network Maine to the wider world.

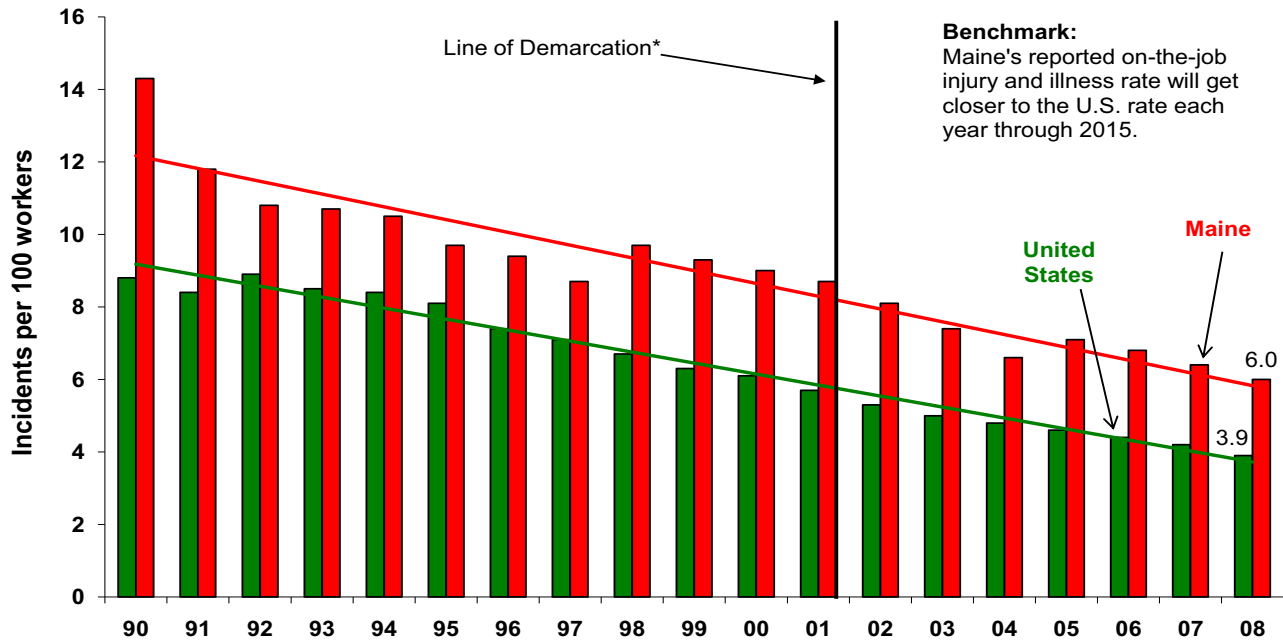
MaineDOT's overall capital shortfall is set at \$3.3 billion for the next decade. Federal stimulus funding softened the shortfall in 2009 but even then funding was insufficient to meet all needs. Policymakers will have to reconcile the inability of current motor fuel taxes to keep up with the rising costs of maintenance and construction.



16. On-the-Job Injuries and Illnesses (Reported)

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

On-the-Job Injuries and Illnesses (Reported) U.S. and Maine, 1990-2008



Data Source: U.S. Department of Labor, Bureau of Labor Statistics, Survey of Occupational Injuries and Illnesses

Maine's Rate** Continues to Decline – Remains Higher than National Average

In 2008, there were 6.0 reported injuries and illnesses for every 100 full-time Maine industrial workers, down from 6.4 per 100 workers in 2007. During that same time period, the number of incidents in the United States dropped from 4.2 to 3.9 per 100 workers.

It is important to note the correlation between Maine's industry make-up and On-the-Job Injuries and Illnesses. The decrease in Maine's rate of job injuries and illnesses is related to the shrinking of manufacturing industries over time, many of which traditionally had hazardous working environments. This is in part a reason why Maine's rates are higher than national averages. The institution of workplace safety programs across Maine has also contributed to the reduction of injury and illness rates.

The vitality of the workplace and larger community is negatively affected by injuries and illnesses that occur on the job. Workplace safety is an important component of long-term economic growth. Injuries translate directly into increased health costs, decreased output, and diminished quality of life for individuals and their families.

The data upon which this measure is based includes all types of work-related injuries and illnesses required to be recorded by the Occupational Safety and Health Administration (OSHA). OSHA defines an injury or an illness as an abnormal condition or disorder. Injuries include cases such as, but not limited to, a cut, fracture, sprain, or amputation. Illnesses include both acute and chronic illnesses, such as, but not limited to, a skin disease, respiratory disorder, or poisoning. While workplace injuries and illnesses may go unreported, many Maine manufacturers, for example, have taken recent steps to increase emphasis on safety and on reporting injuries.

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

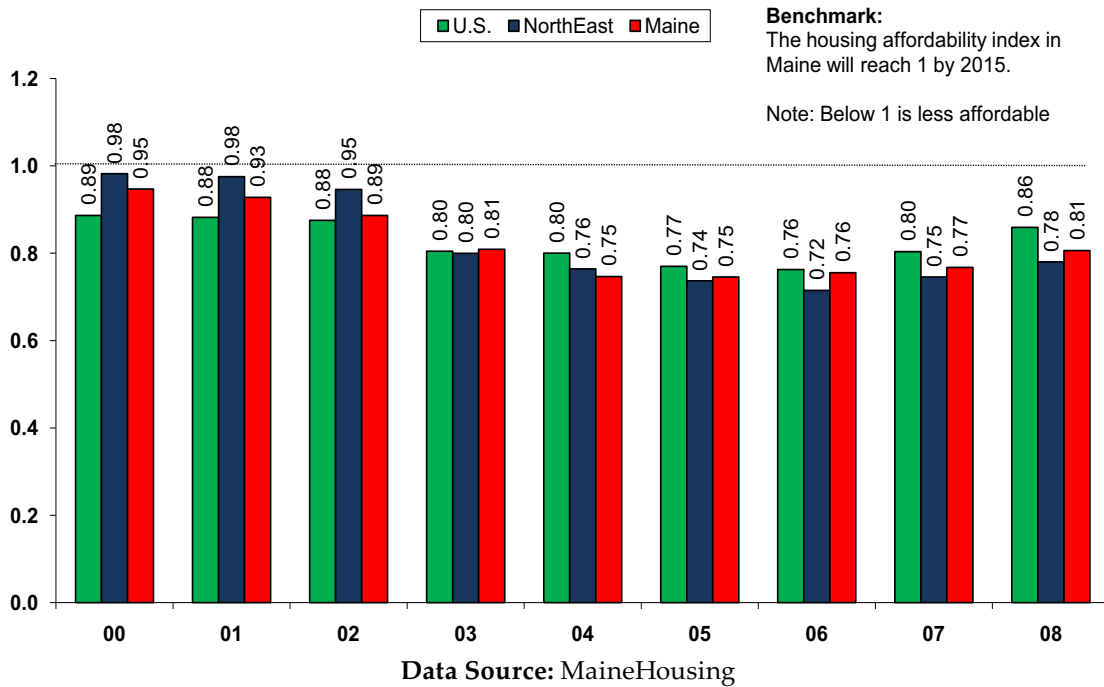
**OSHA recordable incident rate for the State of Maine for public and private sector establishments.

17. Affordable Housing

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



Maine's Housing Affordability Index by Year
(weighted owner/renter) 2000-2008



Homeownership and Rent Affordability Remains an Issue for Many Mainers

There was a slight uptick in this indicator from the 2007 to 2008 in Maine. The same occurred in the Northeast region and nation as well but positive movement in affordability has been slow across Maine and the nation.

The index used here is the weighted average of MaineHousing's homeownership affordability index* and rental affordability index**, with the weighting based on the relative numbers of homeowner and rental households.

In the graph above, the higher the index, the more affordable housing is; the lower the index, the less affordable. It can be seen that in Maine, as in the Northeast and U.S. as a whole, housing has become less affordable since 2000.

Low housing affordability creates a drag on the economy. It decreases consumer spending as people must pay more for their homes or apartments. It also impacts the community and the environment. In most of Maine's employment centers, high housing costs are forcing people to commute long distances because they can't afford to live in the same communities in which they work. This contributes to sprawl, including increased traffic problems, highway maintenance costs, and dependence on fossil fuels.

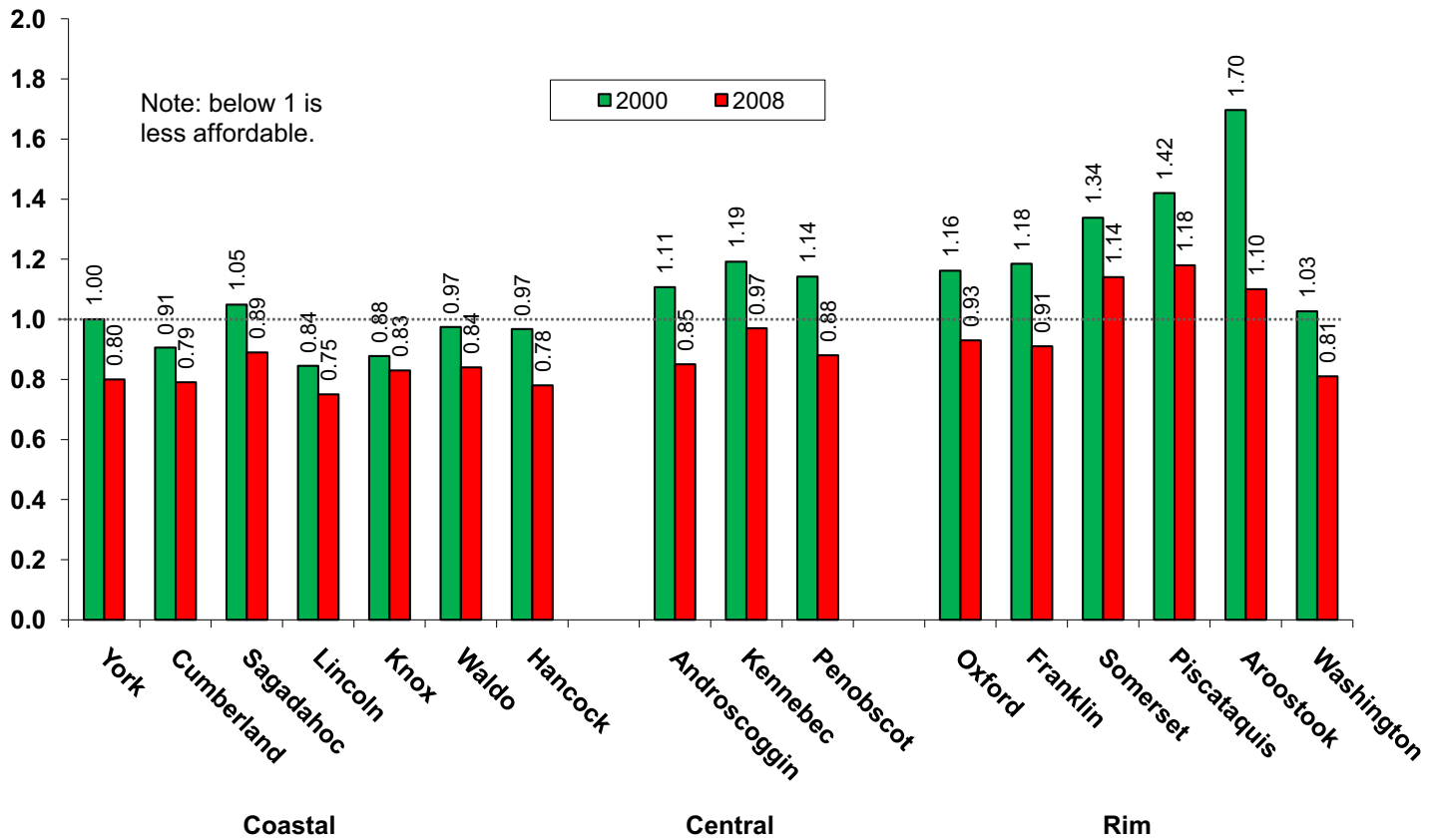
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*The homeownership affordability index is the ratio of the home price that a Maine household at median income can afford to the actual median home price. A home price is considered to be affordable if no more than 28% of monthly gross income is needed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

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

17. Affordable Housing (continued)

**Maine's Housing Affordability Index by County
(weighted average) 2000 vs. 2008**



Source: MaineHousing

The housing situation will be further affected as Maine and the nation recover from the most recent recession. The recession has affected both housing prices and incomes. Maine continues to see a rising number of foreclosures. The Maine Bureau of Consumer Credit Protection reported that the 2009 foreclosure rate in Maine continued to increase (although at lower rates than the nation) and should remain at these higher levels through 2010.

The graph above shows homeowner/renter affordability for all 16 Maine counties in 2000 and 2008. In 2000, 11 counties were considered to have affordable housing (an index that was near or above 1.0). Cumberland, Lincoln, Knox, Waldo, and Hancock counties, all in southern or coastal Maine, were considered less affordable. By 2008, only three Maine counties were considered to have affordable housing: Aroostook, Piscataquis, and Somerset.

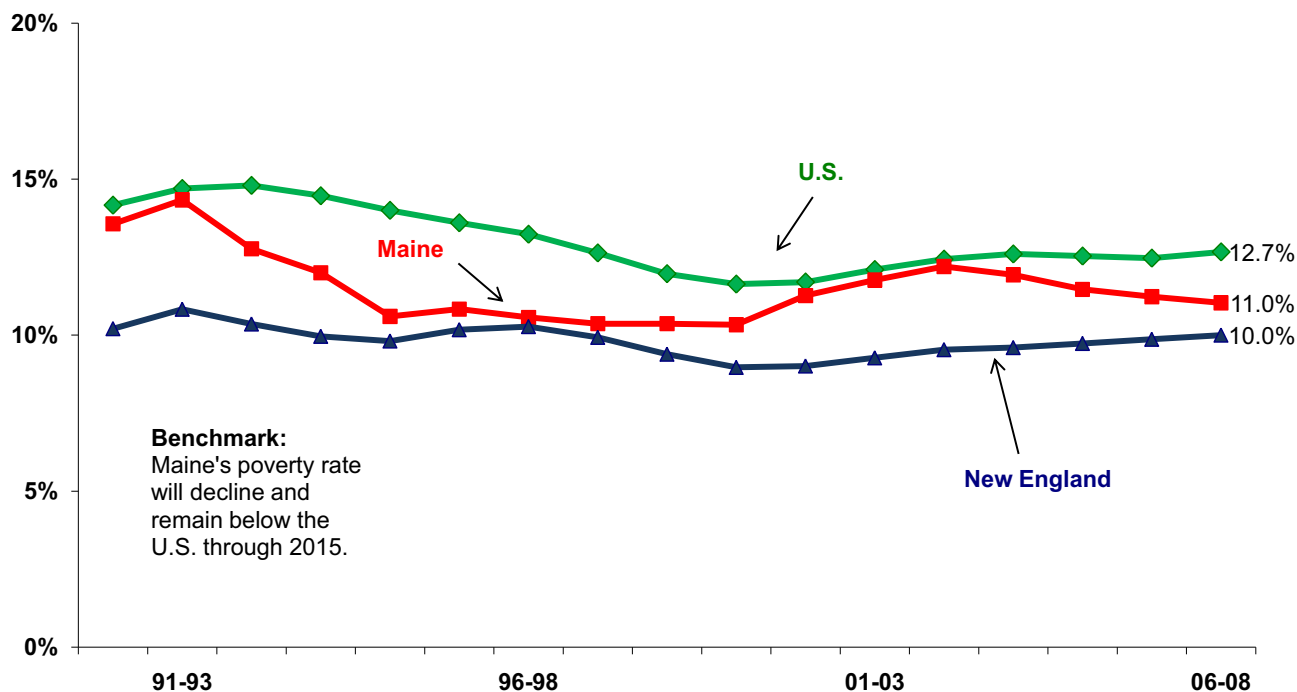
Counties with the least affordable housing tended to be coastal and southern counties. Effects of the most recent economic recession are slowly becoming apparent in the data but the full effects are yet to be seen. This indicator may change somewhat in the next few years as those effects are realized.

18. Poverty

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



Poverty Rates 1990-2008 3-Year Moving Average



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

Maine's 2008 Poverty Rate at 11% - Higher Rates Regionally and in Younger Populations

In 2008, the 3-year moving average poverty rate in Maine was 11.0%. From 1990 to 2008, the poverty rate in Maine has remained below the national rate and above the New England rate. Although this data shows continued progress on this indicator, the issue of poverty in Maine is still very real and, in light of the current recession, poverty may increase in the coming years.

It is widely believed that the traditional 100% poverty rate underestimates the number of people having trouble making ends meet. According to the U.S. Department of Health and Human Services, a Maine person living in poverty in 2008 earned less than \$10,400. More often these days, policymakers and programs are using 200% of poverty (double the income level) to measure the number of people in need and, in turn, to establish eligibility for a growing number of aid programs. In 2008, the 200% poverty rate in Maine and the nation was approximately 30% or almost one out of three people.

Poverty within Maine varies widely. Maine's rural counties to the west, north and east have had and continue to have higher poverty rates than Maine's southern and service center counties. The poverty rate in Washington County in 2008 was approaching twice that of the state rate.

Another trend of great concern within these figures has to do with children. According to the U.S. Census Bureau Small Area Income & Poverty Estimates, the poverty rate for children under the age of five in Maine rose from 17.5% to 21.8% from 2000 to 2008. This is an increase of over two percentage points from 2007. This closely followed national trends. The poverty rate for children under the age of 18 in Maine rose from 12.9% in 2000 to 16.5% in 2008. National numbers are higher but this rate is still a concern to Maine.

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18. Poverty (continued)

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

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

2008 Poverty Rate by Maine County	
County	Poverty Rate
Coastal Counties	
York	9.4%
Cumberland	10.4%
Sagadahoc	9.8%
Lincoln	10.9%
Knox	13.4%
Waldo	12.6%
Hancock	10.8%
Central Counties	
Androscoggin	13.1%
Kennebec	11.8%
Penobscot	15.9%
Rim Counties	
Oxford	14.1%
Franklin	17.5%
Somerset	18.7%
Piscataquis	16.2%
Aroostook	15.2%
Washington	20.1%

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

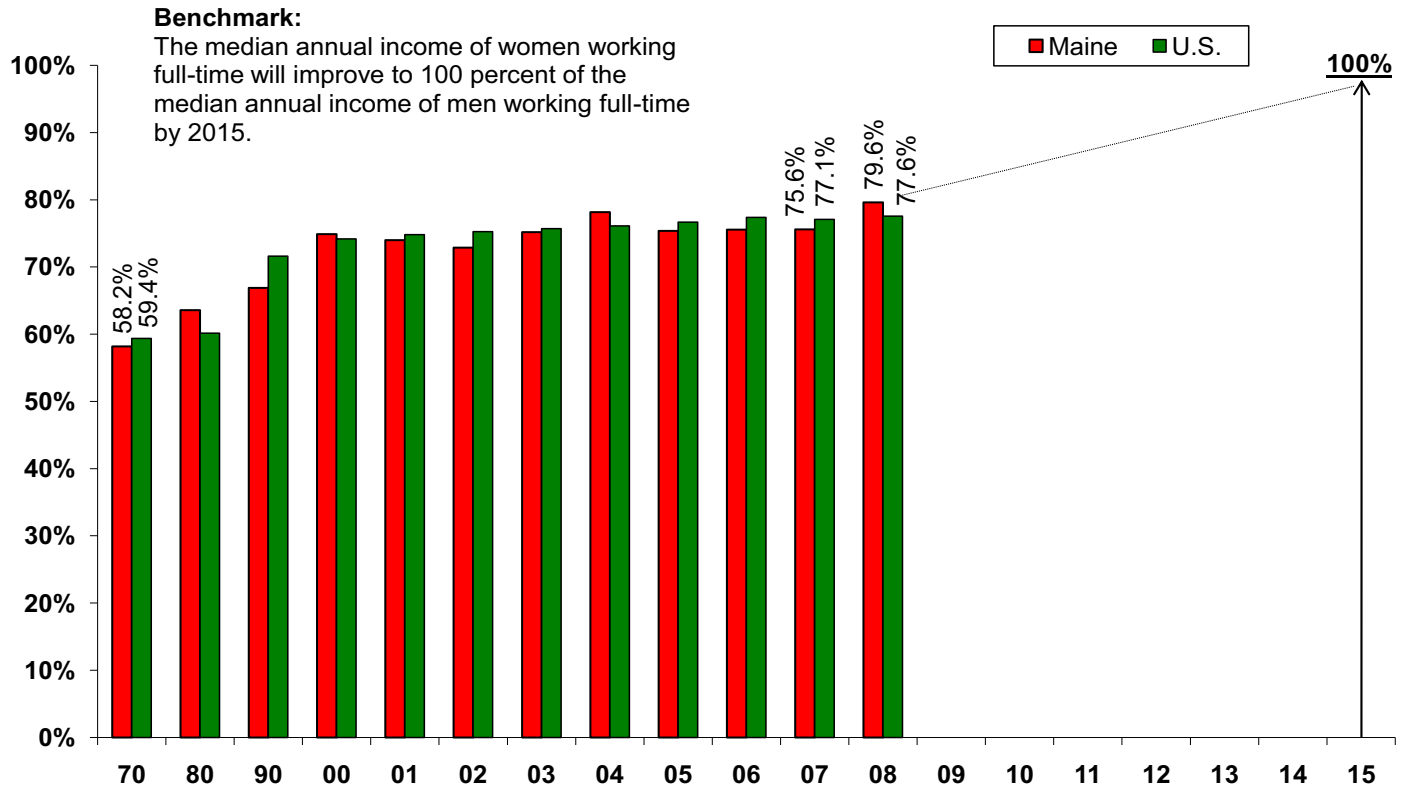
The Growth Council believes that investments in children and their families are critical to the future prosperity of Maine. Investment is particularly important during early childhood before the age of five. These are formative years that determine in large part a person's ability to succeed as an adult. Investing early saves taxpayers much more down the road in foregone public expenses, not to mention the benefit of having productive adults in the workforce. Therefore, the high poverty rates for these young children are troubling and policymakers must keep this in mind with all future investment decisions.

19. Gender Income Disparity

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



Women's Income as a Percent of Men's for Full-Time, Full-Year Work in Maine and the U.S. 1970-2008



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

Maine Women Earn \$0.79 for Every \$1.00 Earned by Maine Men

In 2008, the median annual income of all women in Maine who worked full-time, full-year was \$32,651, compared to a median income of \$41,008 earned by men who worked full-time, full-year. On average, women earned \$0.79 for every \$1.00 earned by men. This is slight improvement from the previous year – due to both an increase in women's earnings and a slight decrease in men's earnings. Women in Maine are faring better than women nationally who are earnings on average \$0.77 for every \$1.00 earned by men.

Disparities in the amount of money that women make compared to men provide disincentives for women to contribute to the labor force and impair economic growth by not fully realizing the benefit of having productive economic contributions from all people. To put this into context, the Heinz Family Philanthropy and Mellon Financial Corporation reported that, in 2000, a typical 25-year-old college educated woman earning \$0.73 cents for every \$1.00 a man earned in the U.S. could expect to lose \$523,000 in earnings over her lifetime due to the wage gap.

The prosperity of women affects Maine's communities broadly. There are significant economic costs associated with the wage disparity. Since many more women than men are single heads of households, increasing women's wages to a level more in line with men's can decrease poverty. This will have positive impacts on children. Investment in children, particularly in the early childhood years, is critical to ensuring

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19. Gender Income Disparity (continued)

2008 Median Earnings Full-Time, Year-Round, Civilian Employed Population 16 Years and Over					
Occupation	Male	Margin of Error (+/-)	Female	Margin of Error (+/-)	Women's Earnings as % of Men's
Management, professional, and related occupations	\$56,958	\$1,200	\$42,795	\$710	75.1%
Management, business, and financial	\$60,256	\$2,152	\$43,945	\$1,353	72.9%
Professional and related occupations	\$54,728	\$1,064	\$42,207	\$897	77.1%
Service	\$30,586	\$992	\$22,972	\$652	75.1%
Healthcare support	\$27,040	\$1,701	\$25,394	\$900	93.9%
Protective service	\$44,044	\$1,662	\$37,220	\$4,858	84.5%
Food preparation and serving related occupations	\$24,222	\$3,177	\$20,731	\$1,014	85.6%
Building and grounds cleaning and maintenance	\$28,076	\$1,024	\$21,269	\$1,257	75.8%
Personal care and service	\$29,359	\$4,434	\$22,347	\$1,476	76.1%
Sales and office	\$40,583	\$1,119	\$29,306	\$589	72.2%
Sales and related	\$42,700	\$1,705	\$28,135	\$1,851	65.9%
Office and administrative support	\$36,539	\$1,078	\$29,529	\$608	80.8%
Farming, fishing, and forestry	\$32,315	\$2,870	\$18,500	\$12,368	57.2%
Construction, extraction, maintenance, and repair	\$38,476	\$807	\$38,306	\$2,504	99.6%
Production, transportation, and material moving	\$36,587	\$883	\$25,899	\$866	70.8%
Production	\$38,226	\$1,304	\$25,663	\$924	67.1%
Transportation and material moving	\$34,809	\$1,265	\$27,111	\$2,340	77.9%

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

their success, the viability of the communities where they will live, and the industries where they will be employed. Also, higher earnings among younger women, who are saving for retirement and contributing to social security, can provide greater economic security for those women later in life and decrease the dependency of Maine's elderly population. Given that women tend to have a longer life expectancy than men, adequate income for retirement is that much more important.

Both the state and federal governments have passed legislation and provided models whereby businesses can voluntarily self-audit to investigate gender income disparity to ensure that earnings for female employees are comparable to men's.

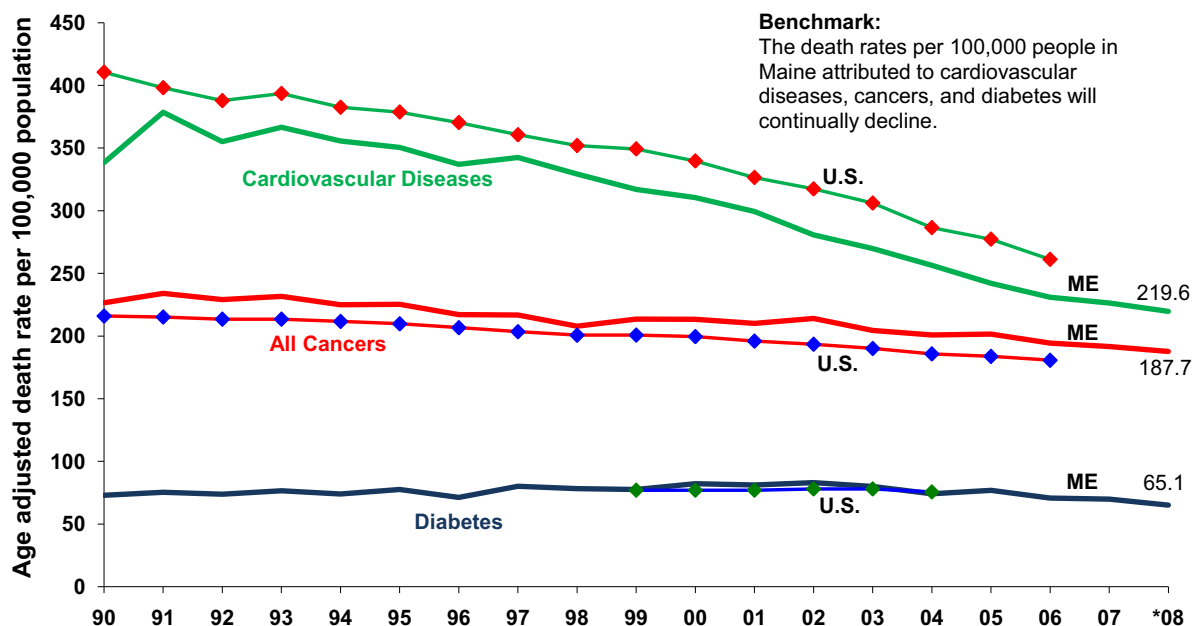
The table above shows that gender income disparities also vary by occupation. Please note that this data set is a variation of the data set used to create the graph, so as to address confidence issues associated with these small sample sizes. Both data sets support the same trends and relationships.

20. Chronic Disease

Benchmark: The death rates per 100,000 people in Maine attributed to cardiovascular diseases, cancers, and diabetes will continually decline.



**Death Rates from Select Chronic Diseases
U.S. and Maine, 1990-2008**



Source: Maine Center for Disease Control and Prevention, Office of Data, Research and Vital Statistics

Death Rates for Major Chronic Diseases Continue to Fall in Maine

The estimated death rates for the three chronic diseases tracked in the graph declined from 2007 to 2008. The death rate for cardiovascular disease decreased by 3.00% - a decline of almost 7 people for every 100,000. The death rate for cardiovascular disease has decreased by over 35% since 1990. From 2007 to 2008, the death rates for both cancer and diabetes decreased by 2.09% and 6.73%, respectively. Since 1990, the death rate due to cancer has decreased by over 17% and the death rate due to diabetes has decreased by over 10%.

The term “chronic disease” refers to a wide variety of health conditions that are not contagious and that can rarely be completely cured. Death rates in Maine attributed to the three major chronic diseases – cardiovascular diseases, cancers, and diabetes – are impacted by a combination of genetic predisposition and lifestyle choices such as smoking, diet, and exercise.

Chronic diseases negatively impact the quality of individual lives and the larger community. Costs associated with lost work time, hospitalization, and treatment of these often-fatal diseases also affect our economy. Death rates serve as a proxy for the incidence of chronic disease in Maine, or the number of people living with these chronic diseases. Caring for people living with chronic diseases comprises a significant part of Maine’s health care costs.

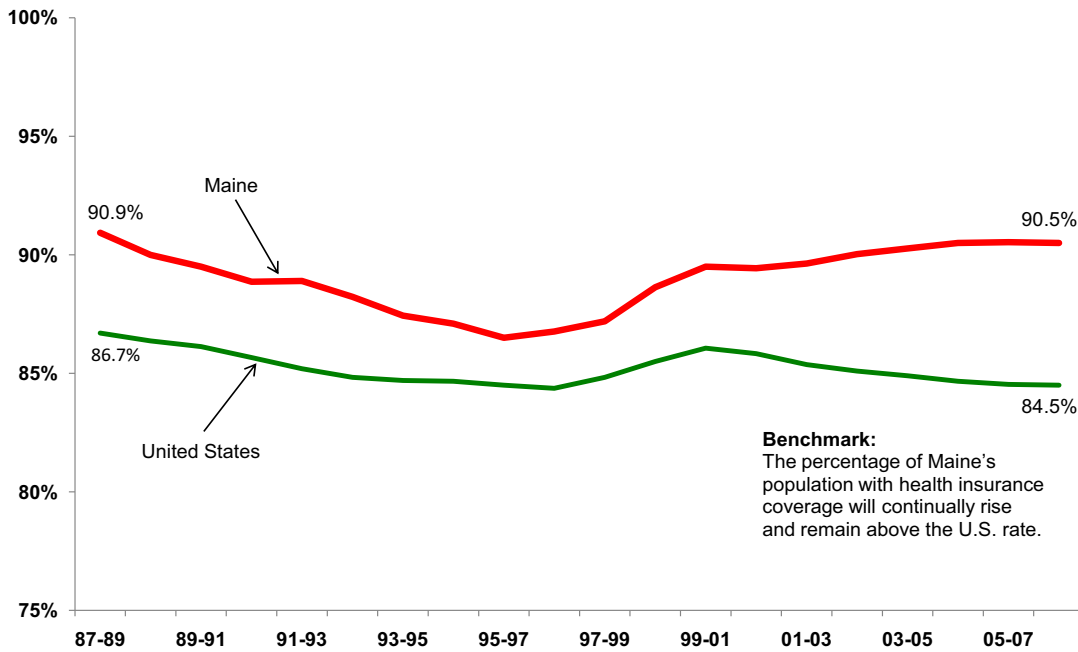
Maine data for 2008 is preliminary. National data lags state data by 1-2 years. Data on chronic diseases were age adjusted to the year 2000 standard population. Age adjusted rates are useful for comparison purposes only, not to measure absolute magnitude. Age adjustment is a technique for removing the effects of age from crude rates, so as to allow meaningful comparisons across populations with different underlying age structures.



21. Health Insurance Coverage

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

**Percent of Population with Health Insurance Coverage
U.S. and Maine 3-year moving average 1989-2008**



Source: U.S. Census Bureau

Health Insurance Coverage Remains High

Maine continues to surpass the nation in the proportion of population who are covered by insurance. Health insurance coverage is an imperative for access to appropriate health care services and, in turn, better health. It has been shown that people with insurance and access to health care are much more likely to seek timely medical help for themselves and their children than those people without.

According to the Kaiser Foundation, in 2008, 50% of Mainers were covered by an employer, 4% purchased insurance directly, 20% were enrolled in MaineCare (the State's Medicaid program), and 14% were enrolled in Medicare. The national numbers are almost identical to Maine with one difference. Medicaid covers 14% of the population nationally compared to 20% in Maine. This difference is reflected in the higher proportion of uninsured nationally.

Like the nation, Maine's employer-sponsored insurance has declined as rising insurance and health care costs have made it increasingly difficult for employers to offer affordable health insurance benefits to employees. In response, Maine expanded MaineCare coverage to avoid a rising number of uninsured people. Maine also began a subsidized insurance product called the DirigoChoice in 2005. Financing both programs has been

Health Insurance Coverage Total Populations 2008		
	United States	Maine
Employer	52%	50%
Individual	5%	4%
Medicaid	14%	20%
Medicare	12%	14%
Other Public	1%	2%
Uninsured	15%	10%
Total	100%	100%

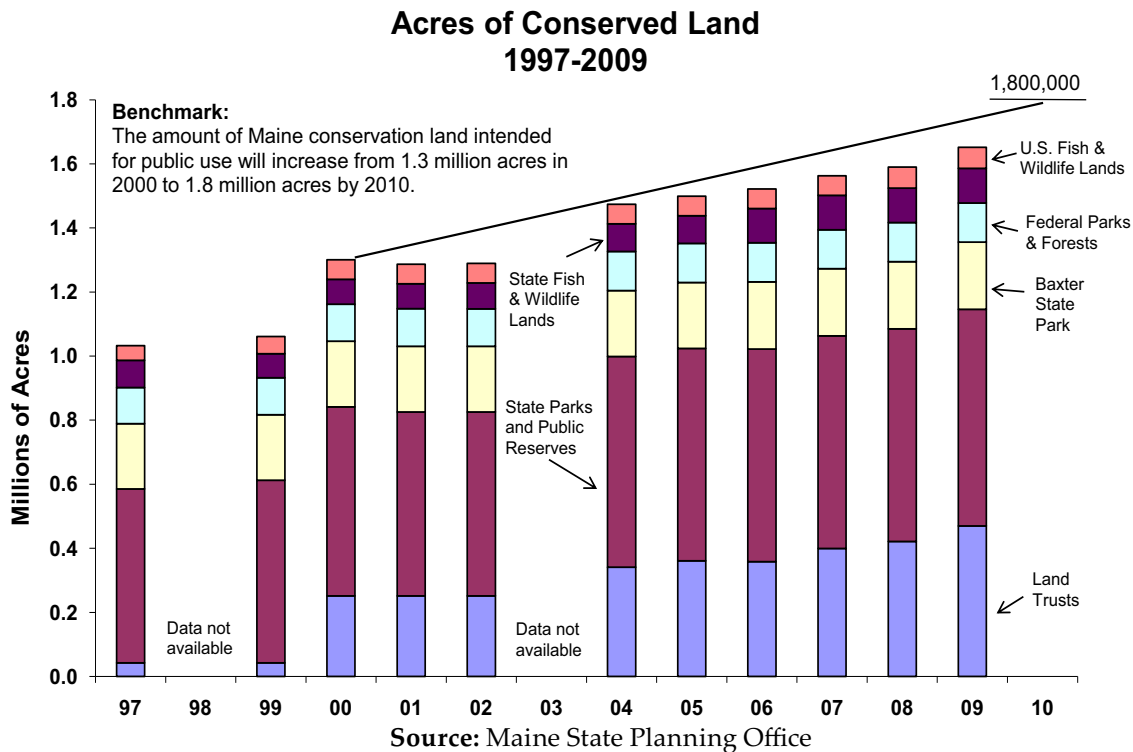
Source: Kaiser Foundation

challenging and will become a greater challenge due to the global recession and subsequent fall in tax revenues.

Should current population trends continue, Maine will see an increased share of the population enrolled in the federal Medicare program due to the state's distinction as the oldest state in the nation. This could also increase the cost of MaineCare since low-income people with disabilities and who are 65 and older are eligible for both programs and because MaineCare, not Medicare, pays for most long term care.

22. Conservation Lands

Benchmark: The amount of Maine conservation land intended for public use will increase from 1.3 million acres in 2000 to 1.8 million acres by 2010.



Conservation Key to Maintaining Quality of Place in Maine

Through 2009, Maine held an estimated 1,651,514 acres of publicly accessible conservation land. This is an increase of 61,587 acres since 2008. This increase in conservation land holdings came from expansions in land trusts, state parks and public reserves, and state fish and wildlife lands.

This figure includes only conservation lands that grant public access in perpetuity. It does not include private lands under conservation easements, many of which have been and continue to be open to the public for recreation. The next edition of this report will include an expanded conservation lands indicator that also counts these lands.

Conservation efforts help to protect key recreational and ecological assets statewide. Access to public and private lands contributes to the high quality of life enjoyed by Maine people. Residents use these lands for all types of recreational activities, which provide jobs and draw tourists. In addition, conserved lands support diverse plant and wildlife species, and maintain the natural aesthetic quality of the landscape.

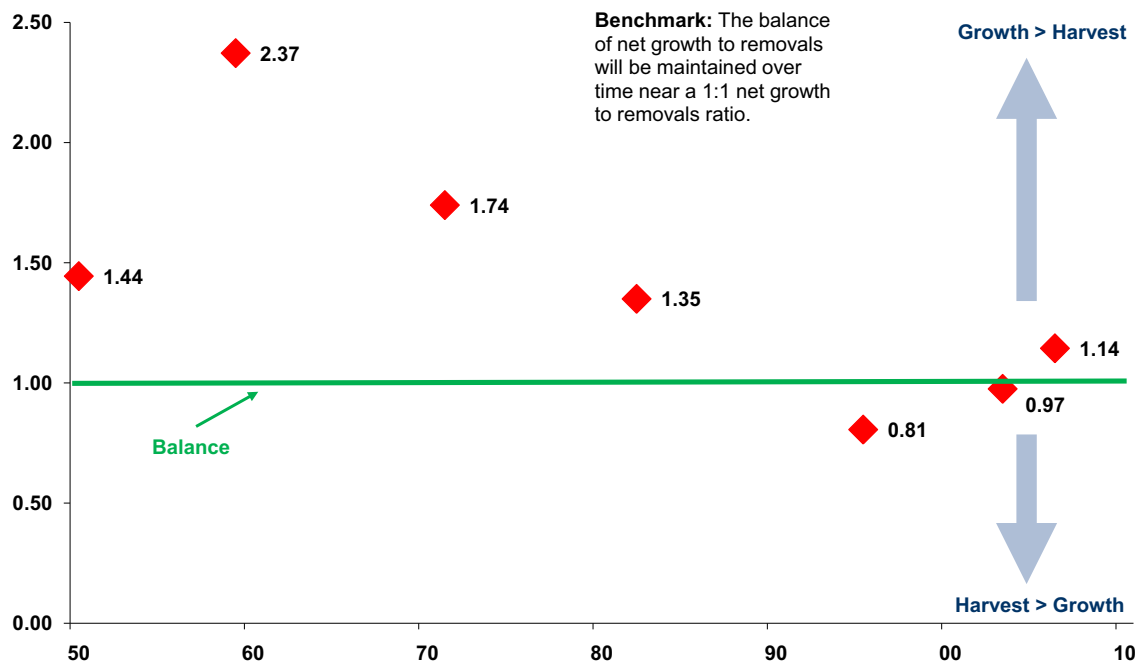
There will be a growing challenge in meeting the benchmark of 1.8 million acres in conservation ownership in 2010 due to current economic conditions. There is less money available from public sources as well as private philanthropy for land conservation. This will be a challenge for Maine's leaders as they work to protect the state's quality of place.



23. Sustainable Forest Lands

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

Historic Trend in the Net Growth to Removals Ratio



Source: Department of Conservation, Maine Forest Service

Sustainable Management of Maine's Forest Lands

An update for this indicator was not available at the time of publication. The information reflects 2006 data. Based on discussions with experts it is unlikely that the indicator has changed noticeably; but, due to the importance of this natural resource to the Maine economy, it is critical that state and federal agencies provide policymakers with up-to-date information in the near future.

The current net growth to removals ratio is 1.14:1. A ratio value greater than one indicates that growth is greater than harvest. A ratio value less than one indicates that harvest is greater than growth. Fluctuations around the ideal ratio of 1:1 are acceptable, provided the long-term trend is neutral and wide variations in either direction are avoided. This indicator is performing well and hitting the benchmark.

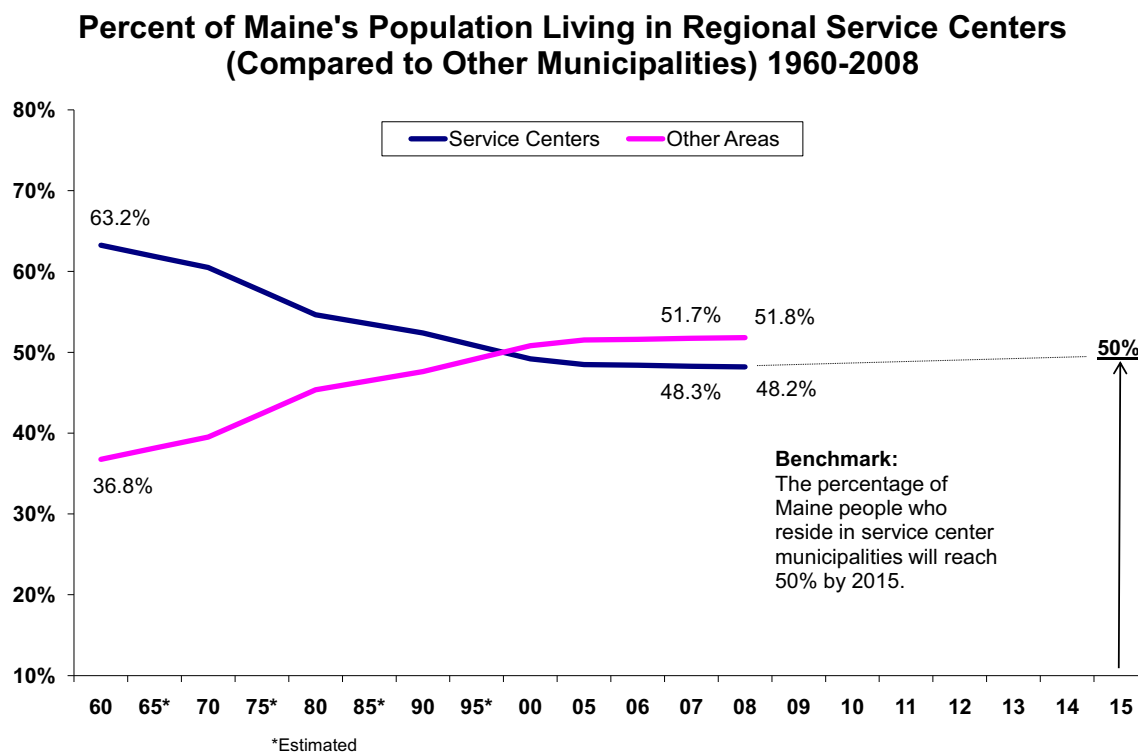
During the 1950s and 1960s, volumes far exceeded long-term carrying capacity. The spruce budworm epidemic and subsequent salvage harvesting of the 1970s and 1980s brought the growth to harvest levels back to the desired 1:1 ratio. Sawmills and pulp mills today are sustainably processing historically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

Maine's forests cover nearly 90% of the state's land area. Most of this acreage is actively managed by private landowners. Maine's forests support healthy wildlife populations, provide clean water, offer recreational opportunities, and supply raw materials used to create products ranging from newspaper to alternative fuels. Maintaining a long-term balance between growth and removals can sustain Maine's forests.

Sustainable forest lands, along with conservation lands, are important indicators of the degree to which the state is combating sprawl and supporting the natural resource-based economy.

24. Population of Service Center Communities

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



Data Source: Maine State Planning Office

Sprawl Plateaus in Maine

In 2008, 48.2% of Maine people lived in regional Service Center Communities, whereas in 1960, 63.2% lived in these communities. The trend of people moving out of urban centers into the more rural parts of the state reached a plateau in 2005 and the relative percentages have remained steady through 2008.

Sprawl is a concern because with it comes the build-out of redundant infrastructure such as roads, schools, and waste systems. Upkeep of this infrastructure costs local and state governments millions annually. The state has invested nearly a billion dollars in schools even as enrollment has declined. Meanwhile, Service Center Communities are struggling to pay for their own under-utilized infrastructure. This has prompted the state to raise the call for regionalization and consolidation of municipal services with varying success.

There are other negative impacts associated with sprawl. With more people commuting from rural areas to jobs in service centers, there is more household income spent on transportation and less time for civic participation. The increased consumption of Maine's land base also erodes the state's natural environment, a central part of the state's notable quality of life.

Within the boundaries of 63 specifically identified regional service center municipalities are almost three-quarters of all Maine jobs, services (hospitals, social services, educational institutions, cultural activities, and government services), and the state's consumer retail sales. For the most part, these are the places in which Maine people work, shop, and visit for a wide variety of services.

Economic growth is enhanced to the extent that people live close to or actually within these service centers, because services are delivered more efficiently. Energy costs are reduced because people are not traveling as far to work and to shop.

*The U.S. Census Bureau revises population figures from time to time to adjust for undercounts in the decennial census or to incorporate updated or revised data in the estimated procedures.

CITING INFORMATION IN THIS REPORT

Reproduction of the information contained in *Measures of Growth* is encouraged with proper citation. Wherever data or text is reproduced, please reference the source in the following manner: "Data source: Maine Economic Growth Council and Maine Development Foundation, *Measures of Growth in Focus 2010*."

ABOUT THE DATA AND ITS TIMELINESS

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

ON THE WEB

Measures of Growth in Focus 2010 is available on the website of the Maine Development Foundation in Adobe® portable document format (.pdf) for easy download and printing. Visit the Maine Economic Growth Council through the homepage of the Maine Development Foundation at www.mdf.org.

BACKGROUND AND ACKNOWLEDGMENTS

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

Since its inception, the Council has published 16 annual editions of *Measures of Growth*. Several state agencies have formally incorporated the report's goals and benchmarks into their own strategic plans. Nonprofit organizations have initiated programs aimed directly at accomplishing specific benchmarks. Government officials have used *Measures of Growth* to justify programs to achieve the goals. Teachers have incorporated the substance of the reports into their curriculum. Policy development forums have used the benchmarks as springboards.

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

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

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

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

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

Maine Economic Growth Council Members, 2010

Hon. Seth Goodall, Co-Chair
State Senator
Senate District #19

Tim Hussey, Co-Chair
President and CEO
Hussey Seating Company

John Dorrer
*Director, Center for Workforce
Research and Information*
Maine Department of Labor

John Napolitano
President
Plumbers and Pipefitters
Union 716

Hon. Nancy Smith
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House District #80

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Executive Director
E.S. Boulos Company

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Kenway Corporation

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Maine Marine Manufacturing

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President
Pingree Associates Inc.



