MEASURES OF GROWTH

2019

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

25TH REPORT OF THE MEGC

MEGC
Maine Economic Growth Council

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

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

Movement toward the benchmark since the last available data.

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

Movement away from the benchmark since the last available data.

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

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

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VISION: A HIGH QUALITY OF LIFE FOR ALL MAINE PEOPLE

We are pleased to present the *2019 Measures of Growth Report*. The report offers a nonpartisan, data-based snapshot of where Maine sits relative to other states and the U.S. as a whole. It is a resource for policy and decision makers at all levels, helping them to focus their efforts and understand the connections between and among the major issues affecting Maine's economy and the well-being of Maine people. This year, it is also an urgent call to action. It is not enough only to measure our standing; it is time for Maine to develop a strategy for long-term economic growth and a high quality of life for Maine people.

In total, the report tracks 27 indicators that represent Maine's assets, including the health of our environment and the relative safety of our communities, and areas of persistent challenge, including workforce development, investment in research and development to support innovation, maintaining our transportation infrastructure, and health care costs.

Specifically, the 2019 report assigns Gold Stars signifying exceptional performance to:

- Safety
- Air Quality
- Water Quality
- Sustainable Forest Lands

It assigns Red Flags highlighting areas in need of particular attention to:

- Research and Development Expenditures
- Fourth Grade Reading and Eighth Grade Math Scores
- Working Age Population
- Cost of Health Care
- Transportation Infrastructure

Since 1993, the Maine Economic Growth Council has served as an unbiased analyst and advisor of Maine's economic health and status. They have produced the annual Measures of Growth Report as a way of tracking Maine's progress. The Council is also charged through state statute to develop, maintain, and evaluate a long-term economic plan for the State, including the development and recommendation of goals, benchmarks, and alternative strategies for a sustainable Maine economy. We believe the time is now for Maine to develop such a strategy. According to a recent survey, 90% of business leaders and Maine people think a statewide, long-range economic strategy is very or extremely important. We look forward to working with the Governor, the Legislature, and business and community leaders across Maine on this critical effort.

KEY TO SYMBOLS

Gold Stars & Red Flags

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

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

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

Progress Symbols

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

Movement toward the benchmark since the last available data.

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

Movement away from the benchmark since the last available data.

FUNDAMENTAL PERFORMANCE INDICATORS

This report is about the status of Maine's economy and how it impacts the lives and livelihood of Maine's people. Each indicator represents a key area the Growth Council believes influences our economy, environment, and community. These are the leverage points which will help determine the direction of our economy and, ultimately, our quality of life in the years ahead.

There are also a few fundamental performance indicators that speak to the overall health of Maine's economy as seen from the 30,000 foot level. They are, in a sense, the culmination of what we collectively do in many areas and are often influenced by forces beyond our borders.

These high-level indicators include: Gross Domestic Product, Per Capita Personal Income, Value Added per Worker, Employment, and Poverty.

1 - Gross Domestic Product

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

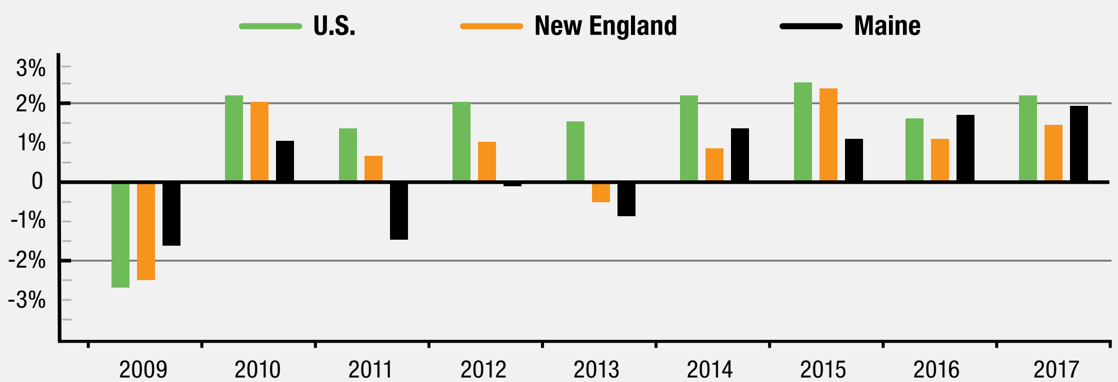
Maine's gross domestic product (GDP) provides a sense of our overall economic performance. GDP is comprised of two types of goods and services: 1) those produced for sale in the market, and 2) nonmarket products like government-provided defense equipment or services provided by non-profit institutions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

Maine's GDP grew by 1.9% from 2016 to 2017, from $54.6 billion to $55.6 billion. GDP growth in Maine trailed the national average of 2.2% and surpassed the New England rate of 1.4%. Over the past decade, Maine's GDP grew by 3%, while the New England average grew by 9% and the U.S. average grew by 16%. Real Estate, Government, Health Care and Social Assistance, and Manufacturing together made up one-half of Maine's GDP in 2017.

Fig 1a: Maine's Real Gross Domestic Product By Major Industry Sector 2017

Industry Sector	GDP Millions of Dollars	% of Total	% Change 2016-17
Real Estate	$8,027	14%	1.9%
Government	$7,520	14%	1.9%
Health Care and Social Assistance	$6,668	12%	1.8%
Manufacturing	$5,294	10%	2.9%
Retail Trade	$4,884	9%	4.5%
Wholesale Trade	$3,230	6%	-0.1%
Prof., Scientific & Technical Services	$3,161	6%	4.8%
Finance and Insurance	$3,049	5%	0.3%
Accommodation & Food Services	$2,242	4%	1.9%
Construction	$1,776	3%	0.2%

Fig 1b: Real Gross Domestic Product Growth Rate 2009-2017



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

2 - Per Capita Personal Income

Benchmark: Maine's per capita personal income will exceed the average of EPSCoR[1] states by 2020.

Per capita personal income is total personal income divided by total midyear population. Personal income reflects job quality, worker productivity, population characteristics, and the makeup of our economy; it is a primary driver of economic prosperity and quality of life.

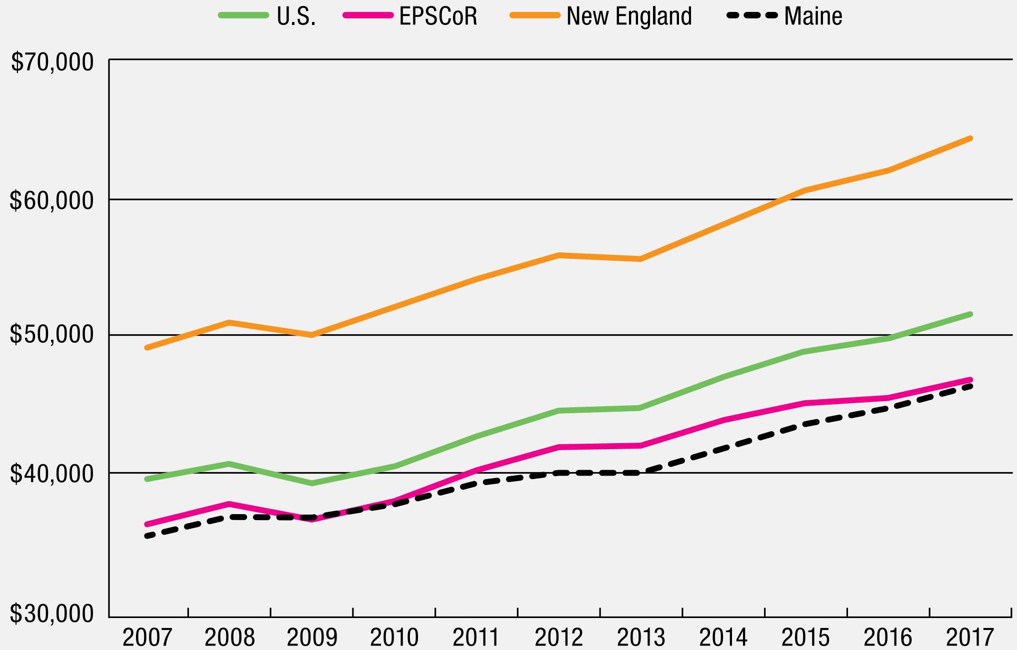
Maine's per-capita personal income of $46,455 in 2017 ranks 31st of the 50 states, well below the other New England states and 1% below the EPSCoR average of $46,786. In Maine, 59% of total personal income comes from earnings, 22% comes from transfer receipts (government benefits like Social Security, unemployment, welfare, and veteran's benefits), and 19% comes from dividends, interest, and rent. Nationally, 63% of personal income is earnings, 17% is from transfer receipts, and 20% is from dividends, interest, and rent.

From 2016 to 2017, per capita income in Maine grew by 3.7%, nearly the same rate as the U.S. and New England averages and slightly better than the EPSCoR average growth of 3.0%. For the past three years, net earnings growth has contributed more to total personal income growth in Maine than growth in transfer receipts and dividends, interest, and rent combined.

Fig 2b: 2017 Personal Income and National Rank, New England States

	Income	Rank
United States	$51,640	N/A
New England	$64,303	N/A
EPSCoR	$46,786	N/A
Connecticut	$71,823	2
Massachusetts	$67,630	3
New Hampshire	$59,668	8
Rhode Island	$52,786	18
Vermont	$52,225	20
Maine	**$46,455**	**31**

Fig 2a: Per Capita Personal Income 2007-2017



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

[1] Maine is one of 23 states in EPSCoR, the Established Program to Stimulate Competitive Research, a federal program directed at states that have historically received lesser amounts of research and development funding. EPSCoR states develop partnerships between their higher education institutions, industry, government, and others to improve their R&D infrastructure, capacity, and national competitiveness.

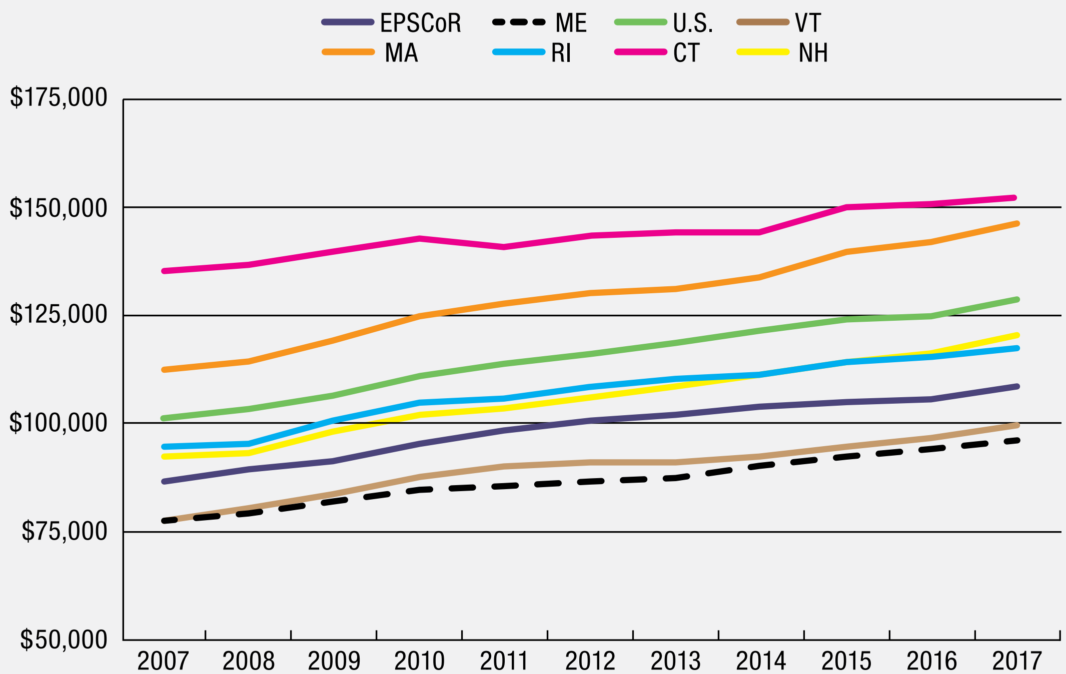
3 - Value Added per Worker

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

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

Worker productivity in Maine has steadily increased, but it is among the lowest of the 50 states. Our value added per worker increased from $77,343 in 2007 and $94,017 in 2016 to $96,729 in 2017, the lowest of the New England states and well below the EPSCoR states average. Worker productivity in Maine has been about 25% lower than the U.S. average for the past seven years. From 2016 to 2017, Maine improved from 50th to 46th among the 50 states in value added per worker.

Fig 3: Value Added per Worker 2007-2017



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

4 - Employment

Benchmark: The total number of jobs in Maine will increase each year

This measure tracks annual growth in total non-farm wage and salary employment by sector in Maine. Employment is a key driver of income and economic opportunity and reflects economic health and growth. While total job growth is important, it is useful to also identify the sectors that add the greatest value and quality of life for Maine people.

Maine total employment exceeded the pre-recession level for the first time in 2017, and another 4,500 jobs were added in 2018 for a total of 628,500 jobs. The sector with the largest employment increase in 2018 was professional and business services, followed by manufacturing, construction, and leisure and hospitality. Health care & social assistance (17%) and government (16%) are the sectors with the most jobs in Maine.

Fig 4c: Total Nonfarm Wage and Salary Employment, 2008-2018

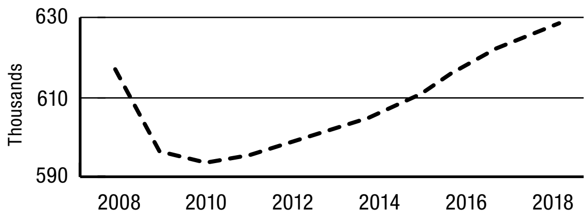
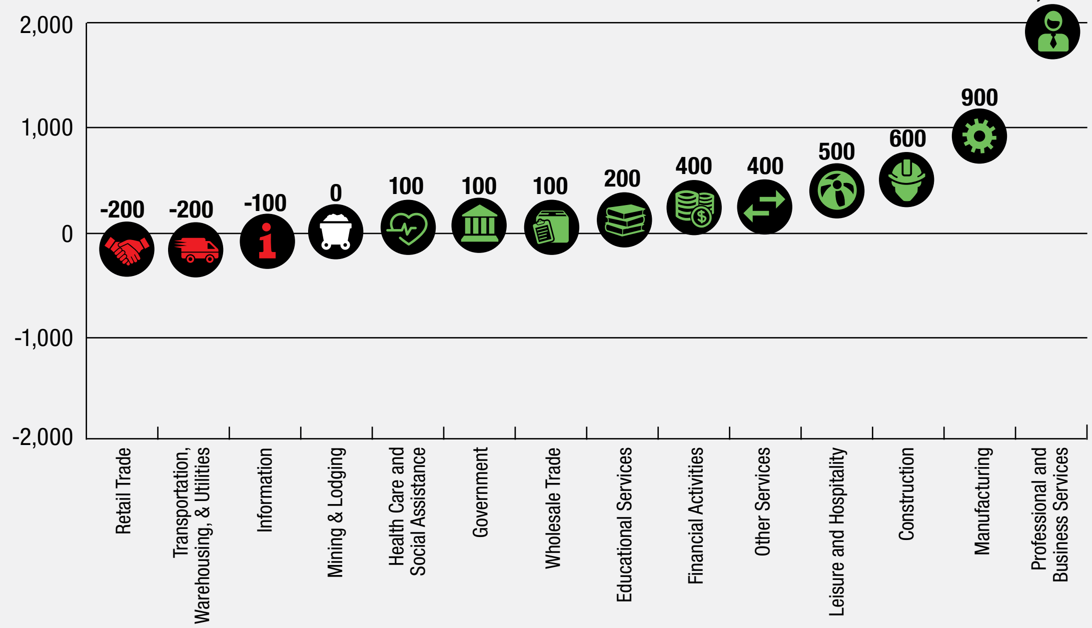


Fig 4b: Employment in Maine by Selected Sectors 2018

	Employment	% of Total
Health Care and Social Assistance	105,100	16.7%
Government	100,100	15.9%
Retail Trade	81,100	12.9%
Professional and Business Services	69,300	11.0%
Leisure & Hospitality	68,300	10.9%
Manufacturing	52,000	8.3%
Financial Activities	31,900	5.1%
Construction	28,900	4.6%
Educational Services	22,200	3.5%
Other Services	22,200	3.5%
Wholesale Trade	19,500	3.1%
Transportation, Warehousing, and Utilities	18,600	3.0%
Information	7,300	1.2%
Mining & Logging	2,200	0.4%

Fig 4a: Employment Growth in Maine By Selected Sectors, 2017-2018



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

5 - Poverty

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

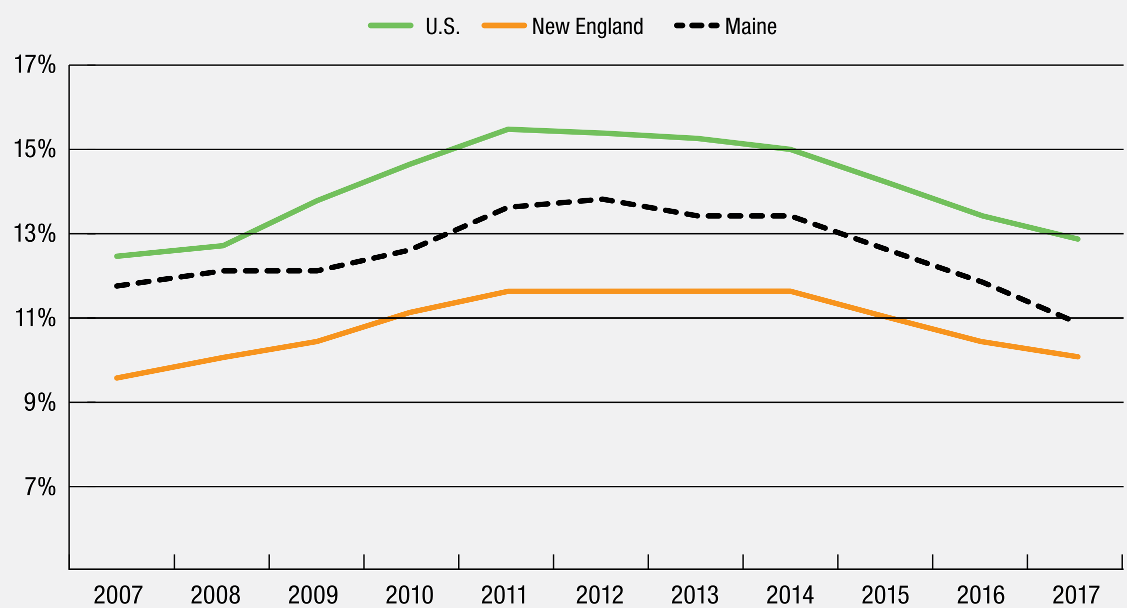
The poverty rate reflects Maine's economic performance, and reducing poverty is key to improving economic growth and quality of life. The federal poverty threshold for 2017 was $12,060 for a single-person household and $24,600 for a family of four.

Maine's poverty rate has consistently been below the U.S. average and above the New England average. Poverty in Maine dropped from 12.3% to 11.3% in 2017, below the pre-recession level of 12.2% in 2007. The national and New England poverty rates are still slightly above their pre-recession rates. In Maine's counties, poverty rates range from 8% in York to 21% in Washington County; poverty has declined since 2014 in all counties except Washington.

Fig 5b: Poverty Rate By Maine County 2017

	County	Poverty Rate
Coastal Counties	York	7.8%
	Cumberland	8.1%
	Sagadahoc	9.7%
	Knox	10.7%
	Hancock	11.0%
	Lincoln	11.4%
	Waldo	13.1%
Central Counties	Androscoggin	12.4%
	Kennebec	12.4%
	Penobscot	14.3%
Rim Counties	Oxford	13.5%
	Franklin	13.7%
	Aroostook	14.4%
	Piscataquis	15.5%
	Somerset	15.9%
	Washington	21.1%

Fig 5a: Poverty Rate, 2007-2017

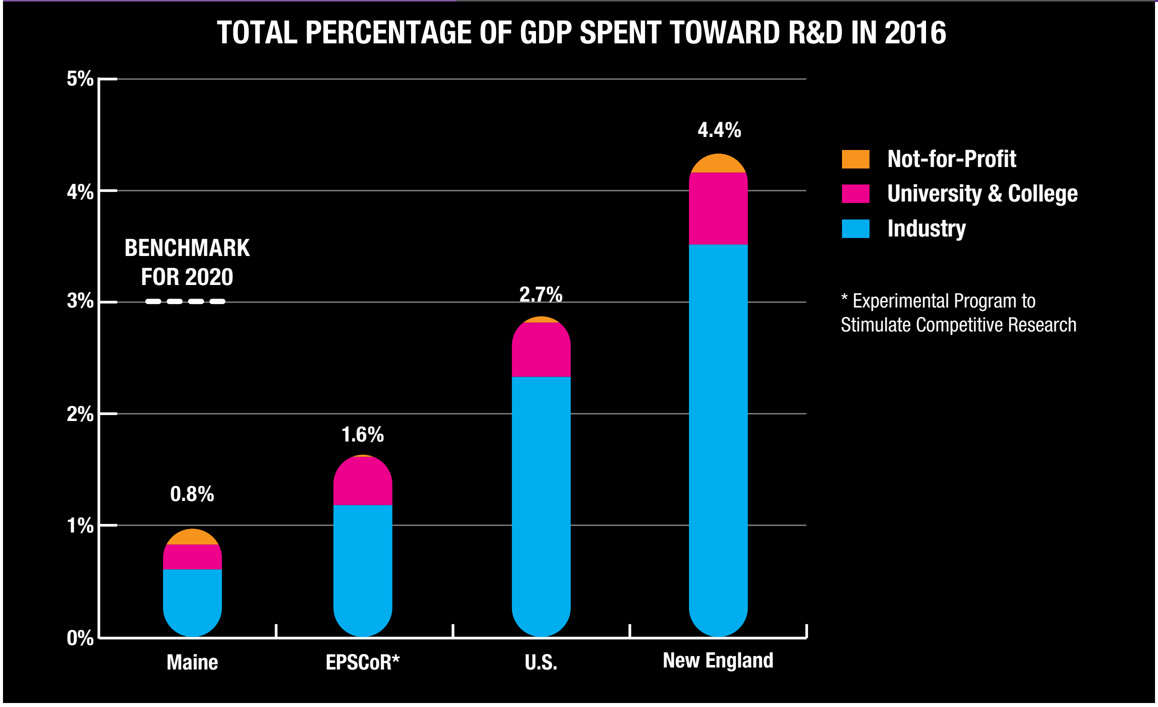


Source: U.S. Census Bureau, Small Area Income and Poverty Estimates

ECONOMY
IN KEEPING WITH THE ENTREPRENEURIAL SPIRIT.

6 - Research and Development Expenditures

Maine Trails Badly in R&D Investment

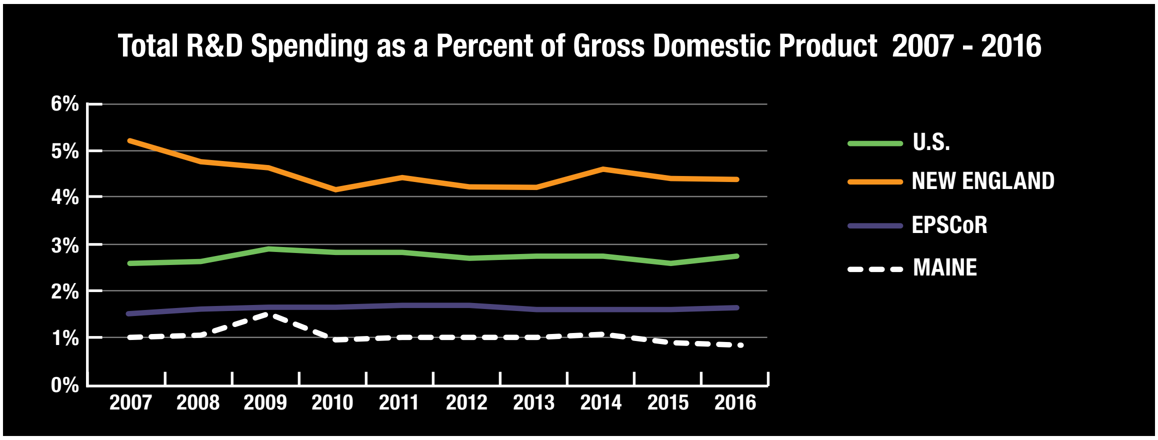


Benchmark: Maine's total spending on research and development will reach 3% of the state's total gross domestic product by 2020

Source: Camoin Associates, National Science Foundation

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

In 2016, Maine's total spending on R&D was approximately $483 million, down from $508 million in 2015 and $757 million in 2009, the high point of the past decade. R&D spending in Maine represents 0.8% of total GDP, which ranks 45th of the 50 states and is one-half of the 1.6% EPSCoR[2] states average. Maine particularly lags other states in private sector and university R&D investments relative to GDP, while Maine's non-profit sector contributes a higher proportion of total R&D investment compared with other states.



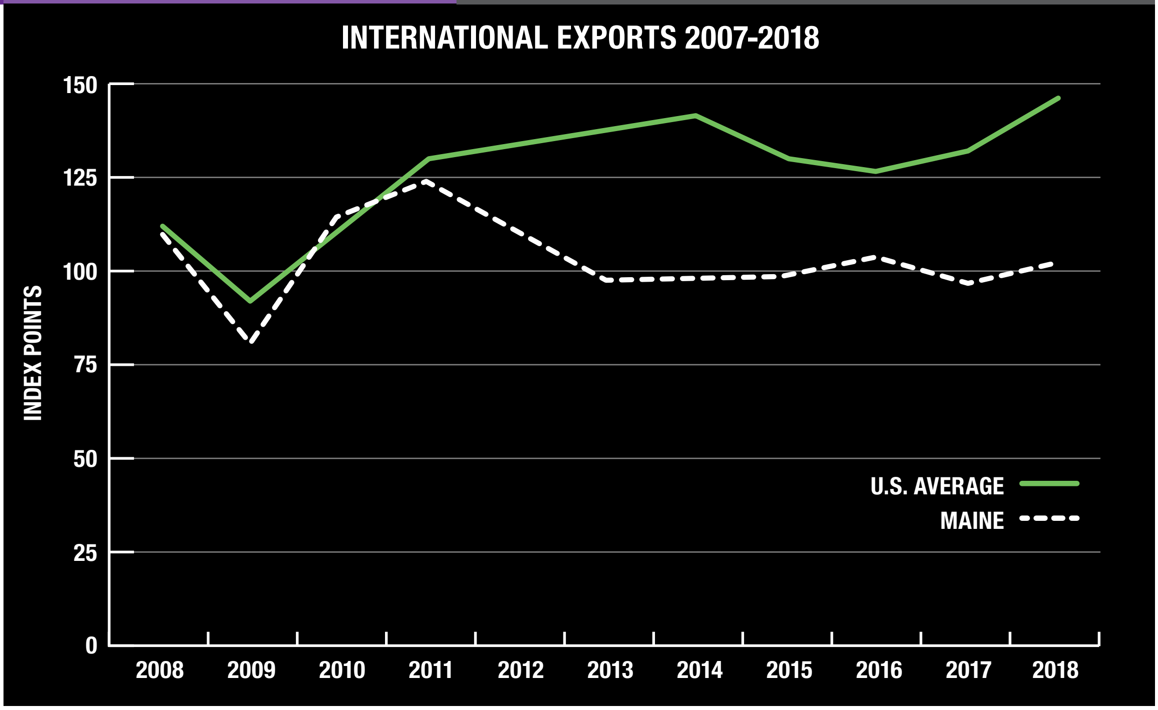
[2] Maine is one of 23 states in EPSCoR, the Established Program to Stimulate Competitive Research, a federal program directed at states that have historically received lesser amounts of research and development funding. EPSCoR states develop partnerships between their higher education institutions, industry, government, and others to improve their R&D infrastructure, capacity, and national competitiveness.

7 - International Exports

Maine Exports Increase at Lower Rate than U.S.

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

Source: Maine International Trade Center



This indicator tracks Maine and U.S. exports indexed to 2007. International trade is a vital part of the state's economic performance. Foreign countries are important markets, providing growth opportunities for Maine goods and services.

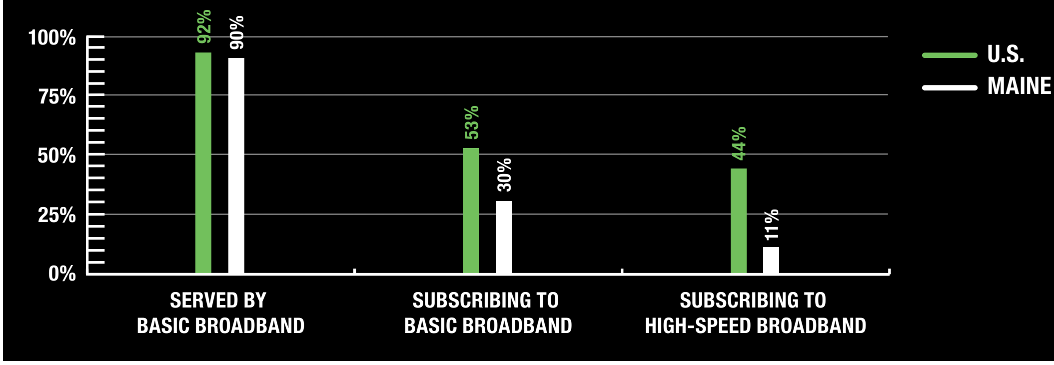
In 2018, Maine companies exported more than $2.8 billion in goods and services. After declining from 2016 to 2017, Maine exports increased by 4.2% from 2017 to 2018, while U.S. exports increased by 7.6%.

International sales of seafood, Maine's largest export commodity, grew by nearly 17% from 2017 to 2018. Among other top exports, fuel, aircraft parts, and forest products also saw growth in 2018, while electric machinery exports decreased slightly. Maine's top two trading partners, Canada and China, both imposed new tariffs in the middle of 2018. All of Maine's export growth occurred in the first half of the year.

8 - Broadband Connectivity

Broadband Access in Maine Needs Improvement

BROADBAND SERVICE AND SUBSCRIPTION RATES, 2016



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

Source: Federal Communications Commission

This measure tracks the proportion of Maine's population served by basic broadband (25 Mbps download/3 Mbps upload), and the proportions subscribing to basic and high-speed (50 Mbps download/5 Mbps upload) broadband internet service.[3] Broadband access is vital to participation in the global economy and modern society. In large, rural states like Maine, it is both particularly important and challenging; broadband access bridges distances yet providing it in remote areas is costly.

While 90% of Mainers are served by basic broadband—close to the national rate of 92%—only 30% have broadband subscriptions, compared with 53% nationally. About one in ten Mainers (11%) subscribe to high-speed broadband, compared with 44% nationwide. These disparities suggest that broadband service, even where available, is inaccessible for many Mainers.

Statewide, 97% of urban residents and 86% of rural residents are served by basic broadband. Fewer than half of Franklin and Piscataquis County residents and fewer than three-quarters of Somerset and Waldo County residents are served by basic broadband. (Subscription rates are not available at the county level.)

Basic Broadband Service by County, 2016

Coastal Counties	Percent
Waldo	68%
Hancock	80%
Sagadahoc	93%
Lincoln	94%
Knox	97%
York	99%
Cumberland	99%
Central Counties	**Percent**
Penobscot	86%
Kennebec	99%
Androscoggin	100%
Rim Counties	**Percent**
Piscataquis	41%
Franklin	46%
Somerset	60%
Aroostook	77%
Washington	77%
Oxford	88%

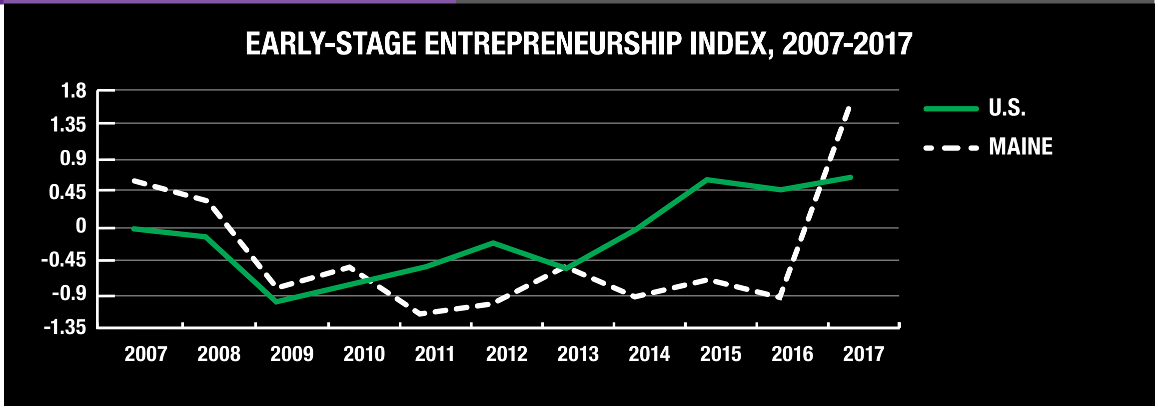
[3] This year we replaced the previous measure of broadband connectivity, U.S. Census data on broadband subscription rates, with Federal Communications Commission data on broadband service and subscription rates. The new data source better reflects Mainer's access to both basic and high-speed broadband internet service.

9 - Entrepreneurship

Maine Excels in Startup Early Survival Rate

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

Source: Camoin Associates, Kauffman Foundation



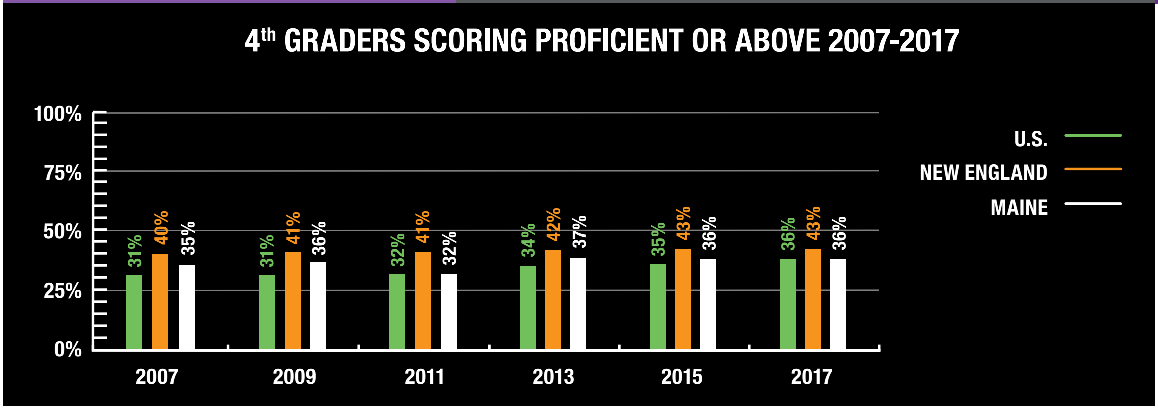
This measure presents an index[4] made up of four indicators of early-stage entrepreneurship: 1) the rate of new entrepreneurs, 2) the opportunity share of new entrepreneurs, 3) startup early job creation, and 4) startup early survival rate. The creation of new businesses is a vital economic activity.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

Maine jumped from a 50-state ranking of 37th on the index in 2016 to 6th in 2017. Maine's strong 2017 performance was driven by the highest first-year survival rate in the country, 88%. Maine was 18th among the 50 states in the rate of new entrepreneurs, 28th in startup job creation, and 42nd in opportunity share of new entrepreneurs.

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

10 - Fourth Grade Reading Scores

Early Childhood Development Vital to Future Success for Maine

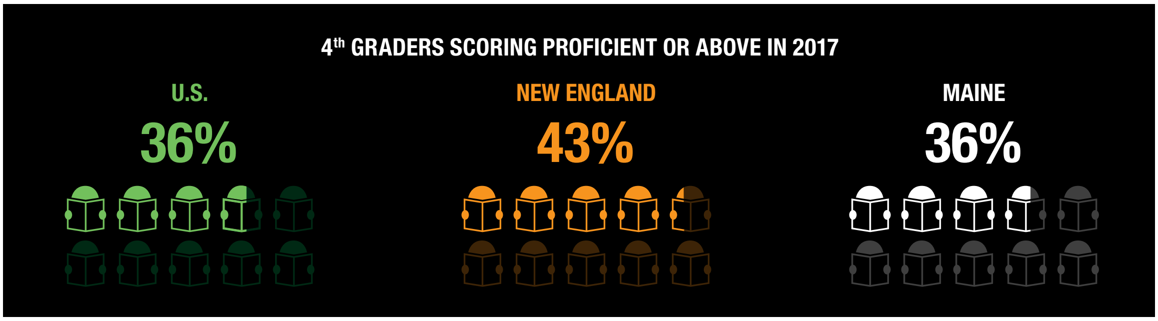


Benchmark:. The percentage of Maine students scoring proficient and above on NAEP will reach 50% by 2020

Source: National Center for Education Statistics, NAEP

Fourth grade reading proficiency is defined as competency over challenging subject matter, application to real-world problems, and appropriate analytical skills. The National Assessment of Educational Progress (NAEP) tests representative samples of 4th- and 8th- graders every other year to allow national and state comparisons. Fourth grade reading scores reflect early childhood development and are an indicator of future outcomes like educational attainment, employment, and earnings.

The proportion of Maine 4th graders meeting NAEP's proficiency benchmark in reading has not improved over the past decade. In 2017, 36% of Maine 4th graders were proficient in reading, equal to the national average and trailing the New England average by seven points.

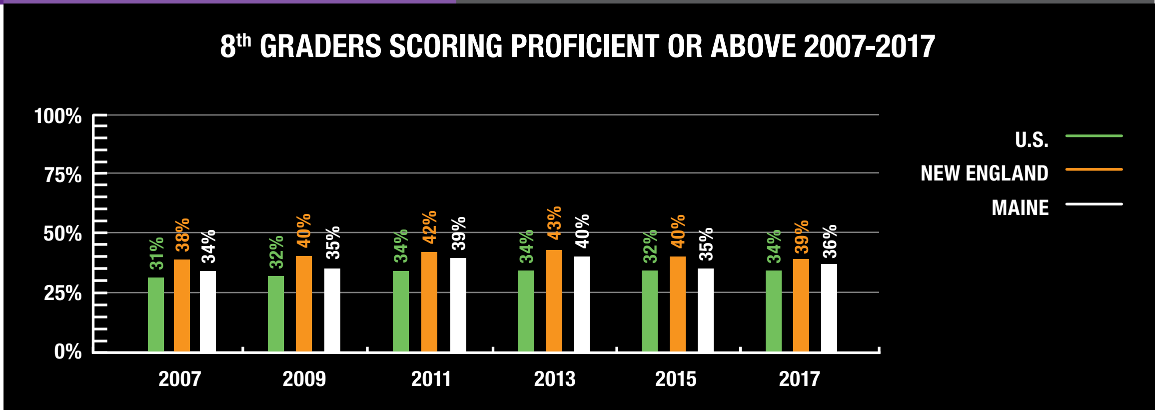


11 - Eighth Grade Math Scores

Improvement Needed to Help Maine Students and Economy

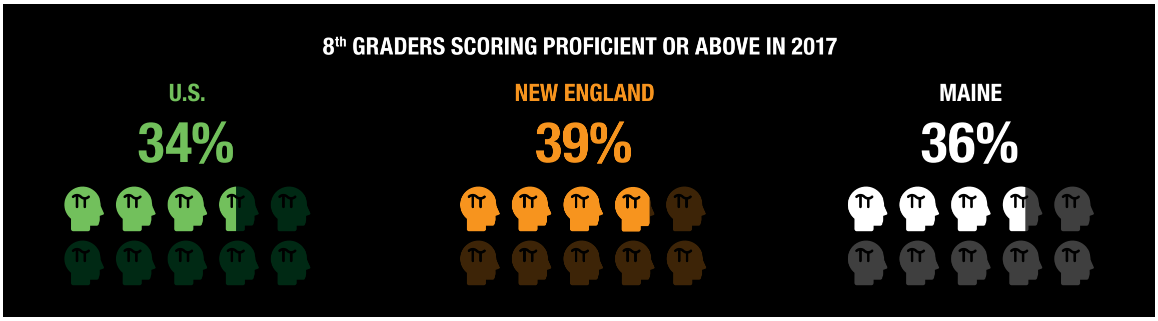
Benchmark: The percentage of Maine students scoring proficient and above on NAEP will reach 50% by 2020

Source: National Center for Education Statistics, NAEP



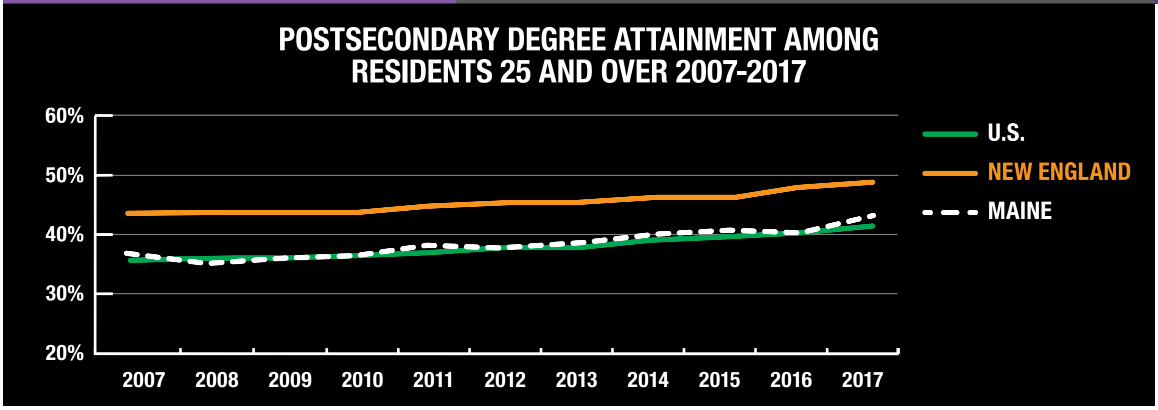
Eighth grade math proficiency is defined as competency over challenging subject matter, application to real-world problems, and appropriate analytical skills. The National Assessment of Educational Progress (NAEP) tests representative samples of 4th- and 8th- graders every other year to allow national and state comparisons. Eighth grade math scores reflect foundational skills and indicate that students are on track for college and career readiness.

The proportion of Maine 8th-graders meeting the NAEP math proficiency benchmark increased from 34% in 2007 to 40% in 2013 but has since fallen to 36% in 2017. Maine 8th grade math proficiency is two points above the national average but trails the New England rate by three percentage points.



12 - Postsecondary Educational Attainment

Improving Postsecondary Educational Attainment a Top Priority



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

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

This indicator presents the proportion of adults that hold an associate's, bachelor's, graduate, or professional degree. Education contributes to economic growth through increased workforce participation, employment, earnings, productivity, and tax revenue. Education prepares people to meet the current and future needs of employers and to create opportunities for themselves and others.

Postsecondary degree attainment in Maine has been at or just above the national average—but has trailed the New England average—since 2007. Maine's postsecondary attainment improved from 40% in 2016 to 42% in 2017, just above the national average of 41%, but well below the New England average of 48%.

Non-degree pathways to success in today's economy include credentials like professional certifications, licensures, digital badging, and service in the armed forces. Apprenticeships and internships offer workplace experiences and skills instruction while providing connections to employers. The Lumina Foundation estimates that an additional 2% of Maine adults without postsecondary degrees hold credentials with value in the labor market, compared with a New England average of 2.5% and a national average of 5%.

Adult Degree Attainment Rates, 2017

	Associate's	Bachelor's	Graduate and Professional	High-value postsecondary credential only*
Maine	10.3%	19.9%	12.1%	2.0%
New England	8.2%	22.5%	17.2%	2.5%
United States	8.5%	19.7%	12.3%	5.2%

* Lumina Foundation, *A Stronger Nation*

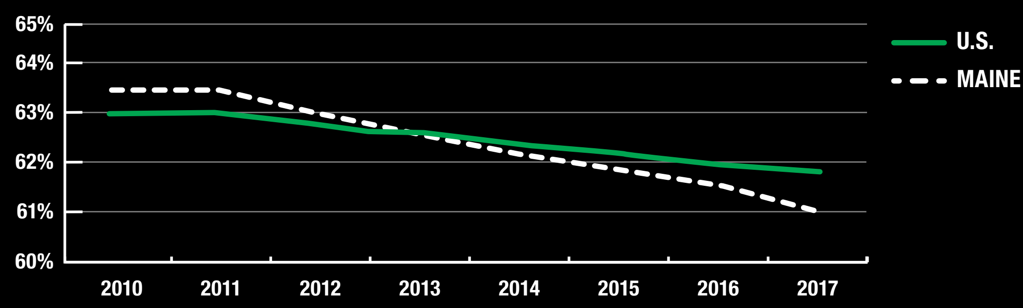
13 - Working Age Population

Declining Working Age Population a Major Challenge for Maine's Economy

Benchmark:. The percentage of Maine residents age 18 to 64 will remain steady and improve to the U.S. percentage through 2020

Source: U.S. Census Bureau Population Estimates

WORKING AGE POPULATION (18 TO 64) 2010-2017



This measure tracks the proportion of total population that is of traditional working age (18 to 64). A declining working age population has a negative impact on economic growth. A skilled and educated workforce is a key element of a healthy economy.

Since 2011, the proportion and number of working-age people in Maine have been steadily declining. Maine's working-age population percentage fell to 61% in 2017 from 61.5% in 2016 and 63.4% in 2010. In 2014, Maine's proportion of working-age population fell below the U.S. average, which now stands at 61.8%. There were 814,964 working-age Mainers in 2017, down from 842,289 in 2010. Population change varies across the state; only Cumberland saw an increase in working-age population from 2010 to 2017, and Aroostook and Piscataquis Counties saw working-age population declines of 10%.

Factors that exacerbate the declining working-age share of the population include Maine's low birth rate, decreasing labor force participation rates, and migration trends.

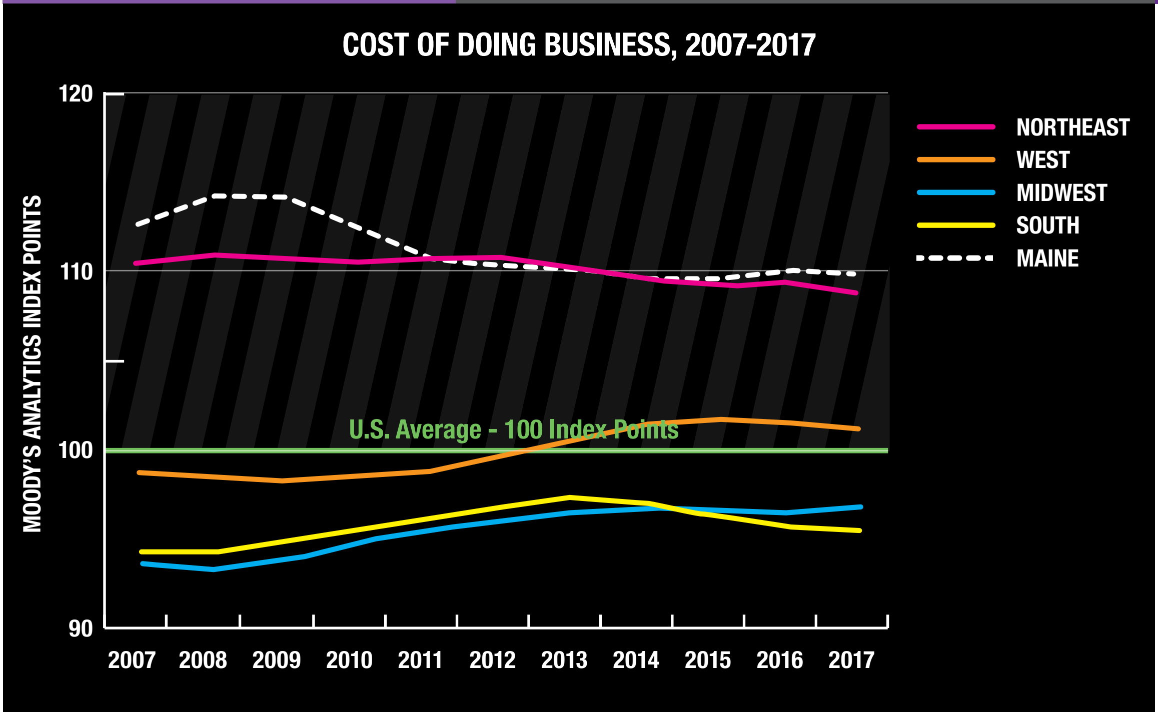
- Natural change is the difference between births and deaths in a population. Maine's birth rate is 9.2 births per 1,000 population, more than 20% lower than the national average of 11.8 births. Deaths of Maine residents have outnumbered births every year since 2013. Maine's median age of 44.7 years is the oldest among the 50 states.
- The unemployment rate in Maine has been below 4% for a record three years, and lower than the national average since 2009. At the same time, labor force participation rates in Maine and the U.S. have been declining—both stood at about 63% at the end of 2018.
- From 2010 to 2015, Maine did not gain any residents from net migration, but in 2017, the state saw positive net migration of about 7,000 working-age people, roughly 1% of the previous population.

Working-Age Population by County

	County	Number	% Change, 2010-2017
Coastal Counties	Cumberland	185,043	1%
	York	125,014	0%
	Hancock	32,095	-7%
	Waldo	23,678	-3%
	Knox	22,940	-6%
	Sagadahoc	21,042	-4%
	Lincoln	19,240	-6%
Central Counties	Penobscot	96,945	-4%
	Kennebec	74,807	-4%
	Androscoggin	65,686	-4%
Rim Counties	Aroostook	39,482	-10%
	Oxford	34,702	-3%
	Somerset	30,522	-6%
	Franklin	18,193	-7%
	Washington	18,116	-9%
	Piscataquis	9,554	-10%
	Maine	**817,059**	**-3%**

14 - Cost of Doing Business

Maine Stable in Recent Years but Remains Above National and Regional Averages



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

Source: Moody's Analytics

Moody's Analytics cost of doing business index is a weighted scale of labor costs (wages, benefits, and productivity), commercial and industrial electricity costs, and state and local tax burden. Relative costs of doing business are a critical factor in business competitiveness. Costs of doing business are an important consideration for many businesses in location decisions.

Maine's cost of doing business index value was 112 in 2007, rose to a high of 114 in 2008-2009, and has been stable at 110 since 2012. In 2017, Maine's cost of doing business index ranked 8th highest in the U.S. While Maine's cost of doing business is just below average for New England, Maine ranks in the top 11 states for all three components in the index. Of the three cost elements, Maine's tax burden ranks 3rd highest among the 50 states, labor costs rank 8th, and energy costs rank 11th highest. The Northeast has much higher business costs than the other three regions of the country, and Maine's cost of doing business has been above the Northeast average for the past three years.

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

	Overall Rank	Unit Labor Rank	Cost of Energy Rank	Tax Burden Rank
MA	2	1	5	30
VT	6	14	8	7
NH	7	10	7	48
ME	**8**	**8**	**11**	**3**
CT	9	29	3	19
RI	10	22	4	9

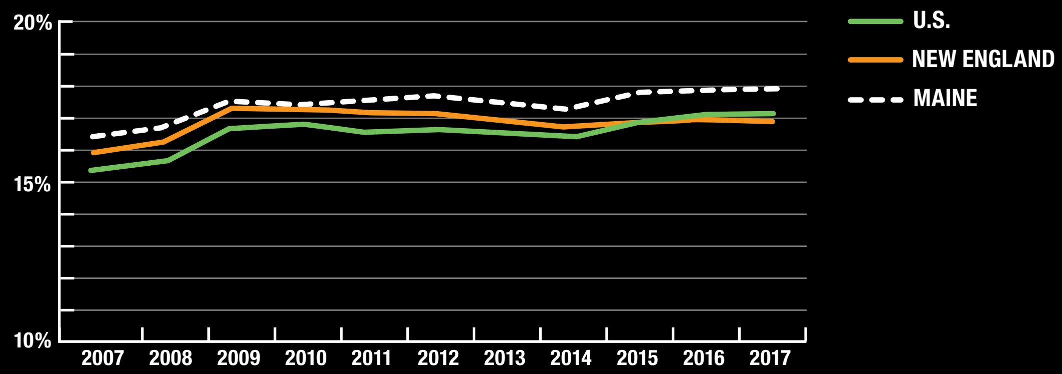
15 - Cost of Health Care

Growing Health Care Costs a Continuing Challenge for Maine

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

Source: Bureau of Economic Analysis

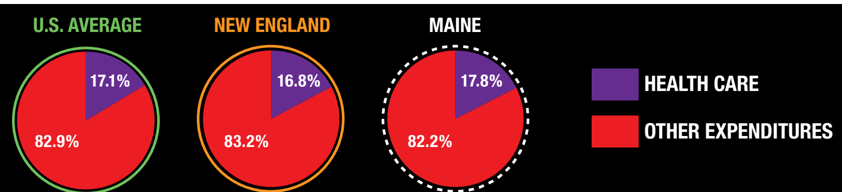
HEALTH CARE EXPENDITURES AS PERCENTAGE OF TOTAL PERSONAL EXPENDITURES 2007-2017



This measure tracks the percentage of total personal expenditures that is devoted to health care. Maine people and businesses consistently identify the high cost of health care as a major concern. The rate of growth in health care spending in the U.S. has outpaced gross domestic product (GDP), inflation, and population growth, posing a challenge for government, business, and consumer budgets. Health care spending diverts money away from potential investments in education, infrastructure, and research and development.

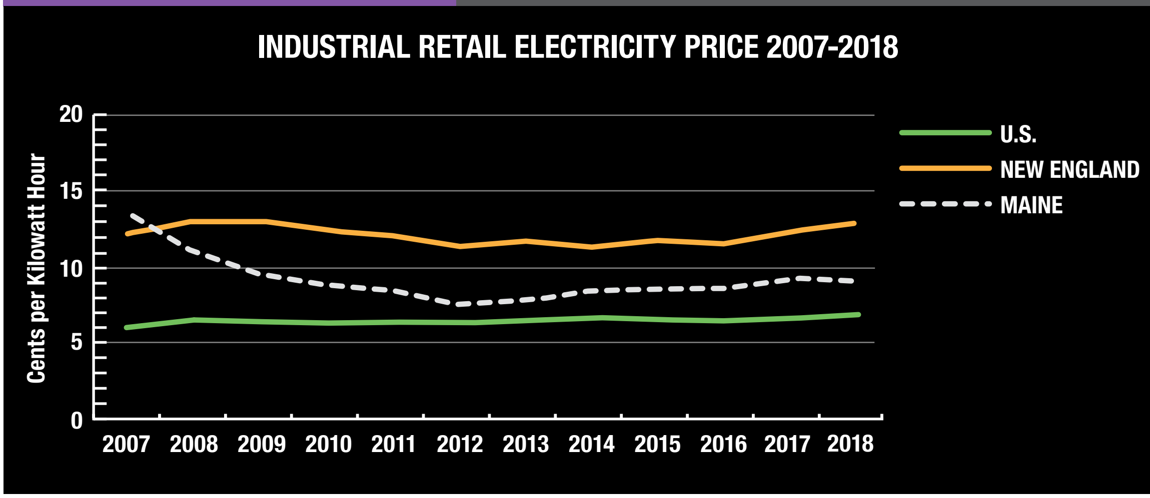
In 2017, health care spending in Maine stood at 17.8% of all personal expenditures, above the 2007 rate of 16.3%, but at a stable level since 2015. Health care spending in New England dropped below the national average of 17.1%, and in 2017 it stood at 16.8%, a full percentage point below the Maine rate.

HEALTH CARE EXPENDITURES AS PERCENTAGE OF TOTAL PERSONAL EXPENDITURES 2017



16 - Cost of Energy

High Electricity Prices a Concern for Maine

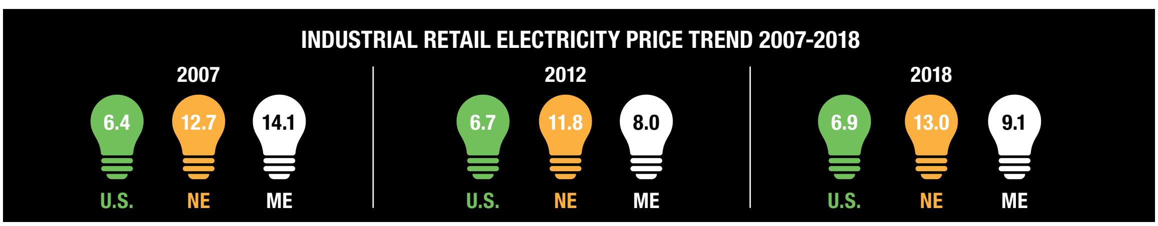


Benchmark: The cost of electricity in Maine will decline to the U.S. average by 2020

Source: U.S. Energy Information Administration

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

The industrial price of electricity in Maine declined slightly from 9.2 to 9.06 cents per kilowatt hour from 2017 to 2018, while the average New England price increased from 12.54 to 12.96 cents and the U.S. average increased from 6.88 to 6.93 cents. Industrial electricity in Maine now costs about 40% less than the New England average and about 30% more than the national average.



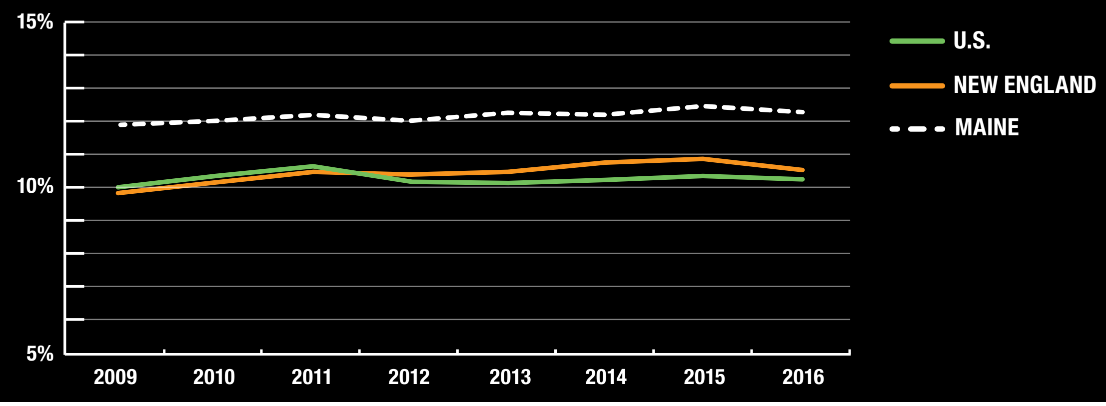
17 - State and Local Tax Burden

Maine's Tax Burden Holds Steady, Remains Above New England Average

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

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

STATE AND LOCAL TAXES AS A PERCENT OF INCOME 2009-2016

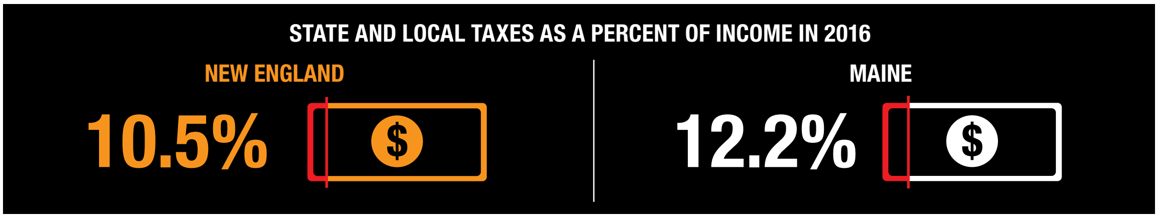


The percentage of total personal income paid in state and local taxes (property, sales, income, corporate, motor vehicle, and other taxes) is our tax burden measure. While taxes impose costs on individuals and businesses, they generate revenue for public services and investments. This measure compares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

State and local tax burden is higher in Maine than the New England average, and has remained around 12% since 2009. Maine ranks 3rd highest of the 50 states in state and local taxes as a percent of income (12.2%) and 14th highest in taxes paid per capita, about $5,200 in 2016.

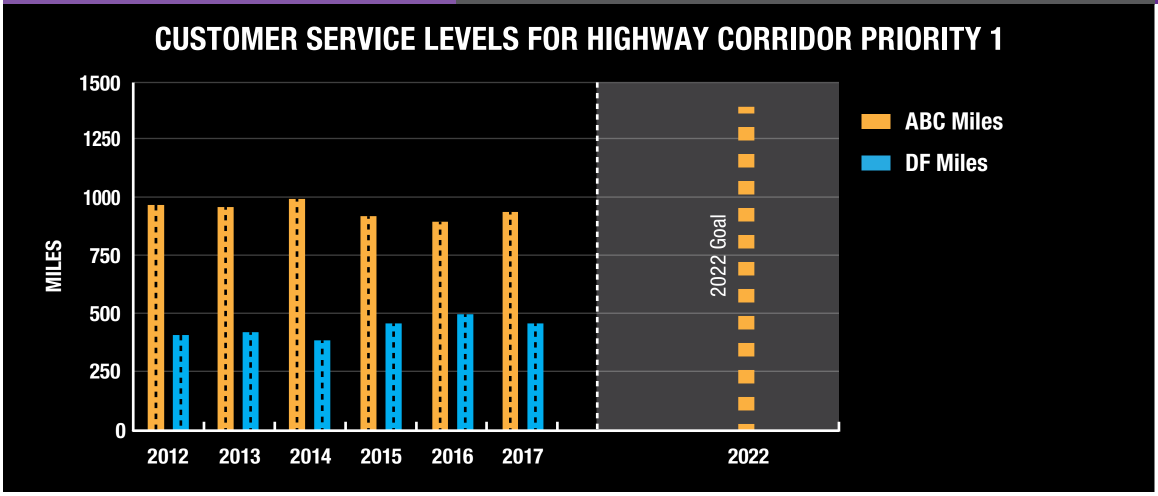
New England State and Local Taxes 2016
(1 is highest)

	% of Income	Rank	Per Capita	Rank
U.S.	10.3%	N/A	$4,946	N/A
NE	10.5%	N/A	$5,863	N/A
CT	10.6%	14	$7,220	2
ME	**12.2%**	**3**	**$5,206**	**14**
MA	10.4%	17	$6,469	5
NH	8.9%	41	$4,818	19
RI	11.2%	7	$5,562	12
VT	12.0%	4	$5,904	10



18 - Transportation Infrastructure

Significant Investment Needed to Meet Transportation Needs



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

Source: Maine Department of Transportation

Highway corridors in Maine are prioritized into six levels by traffic volume. The Maine Department of Transportation uses customer-focused engineering measures to track highway safety, condition, and serviceability, and grades them from A (highest) to F (lowest). This measure shows customer service levels for Priority 1 roads—the most-traveled roads—from 2012 to 2017.

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

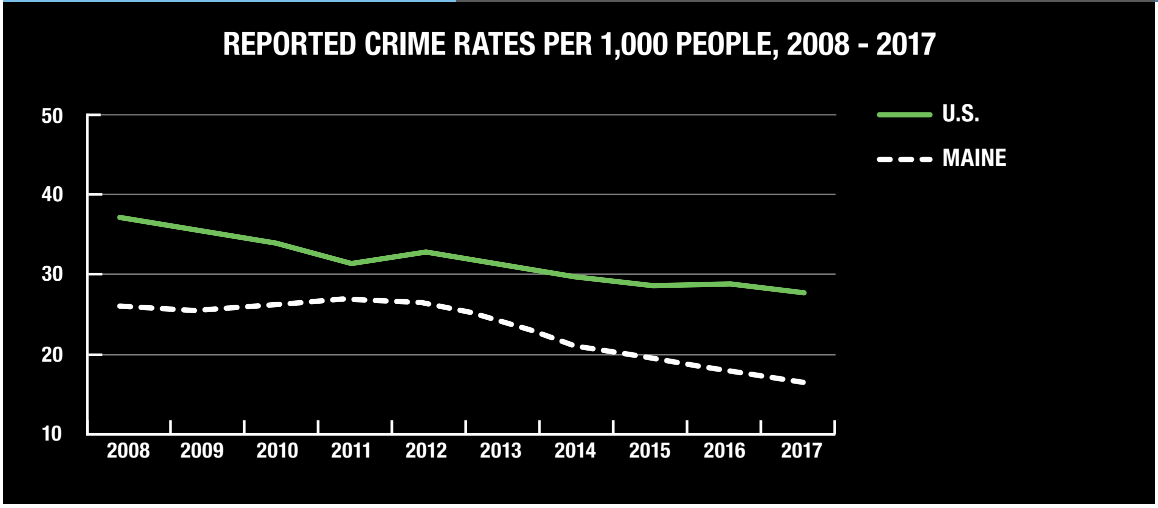
In 2017, 940 miles or 67% of Priority 1 highways were graded A, B or C, and 459 miles (33%) received grades of D or F. This was an improvement over 2016 but indicates a small decline since 2012 in the proportion of Maine highways receiving top grades.

COMMUNITY

LIVING, WORKING AND MOVING FORWARD, TOGETHER.

19 - Safety

Maine's Reported Crime Rates are Among the Lowest in the Country



Benchmark: Maine's crime rate will remain 33% or more below the U.S. rate through 2020[5]

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

Crime rates are our measure of physical safety, an important aspect of quality of life. The crime rate reflects reported crime and is not an exhaustive measure of all crime that occurs. Crime is costly to communities because it depresses property values, discourages investment, and increases insurance premiums. The crime rate includes data on reported larceny, burglary, aggravated assault, motor vehicle theft, rape, robbery, arson, and murder.

Maine's crime rate in 2017, 16.3 per 1,000 residents, was 40% below the national rate of 27.5 and among the lowest of the 50 states. Property crime in Maine has dropped by nearly 40% since 2008, to 15 occurrences per 1,000 residents, compared to nearly 24 nationwide. Violent crime in Maine stands at 1.2 occurrences per 1,000 residents compared with a national average of 3.9.

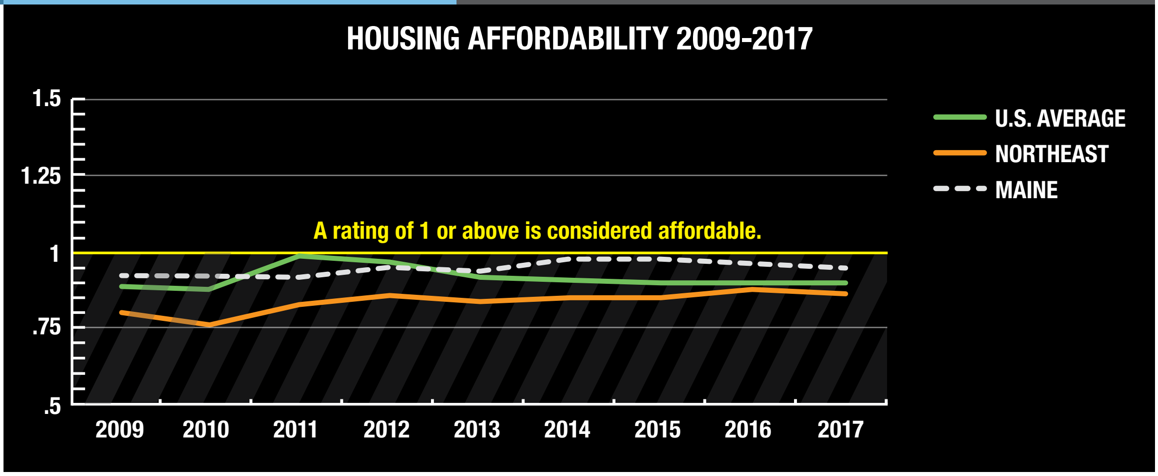
[5] Safety is a new measure this year, added to provide a fuller picture of Maine's quality of life. The benchmark is the positive difference from the national average in the eight lowest-crime states (including Maine) in 2017.

20 - Housing Affordability

Housing Affordability an Advantage for Maine but Remains below Benchmark

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

Source: MaineHousing



The housing affordability index compares rental and homeownership costs with median incomes, weighting for the proportions of owner and renter households. An index rating of 1.0 or higher indicates affordability. Regions without affordable housing are at a competitive disadvantage in attracting and retaining workers. Affordable housing has broad positive impacts on health outcomes and childhood development, which benefit individuals and communities.

Housing is more affordable in Maine than in the United States or the Northeast region. But after improving from 2007 to 2014, housing affordability in Maine has been declining slightly in each subsequent year. In 2017, homeownership costs met or exceeded the affordability threshold of 1.0 in nine of Maine's 16 counties, but rental housing was not affordable in any county.

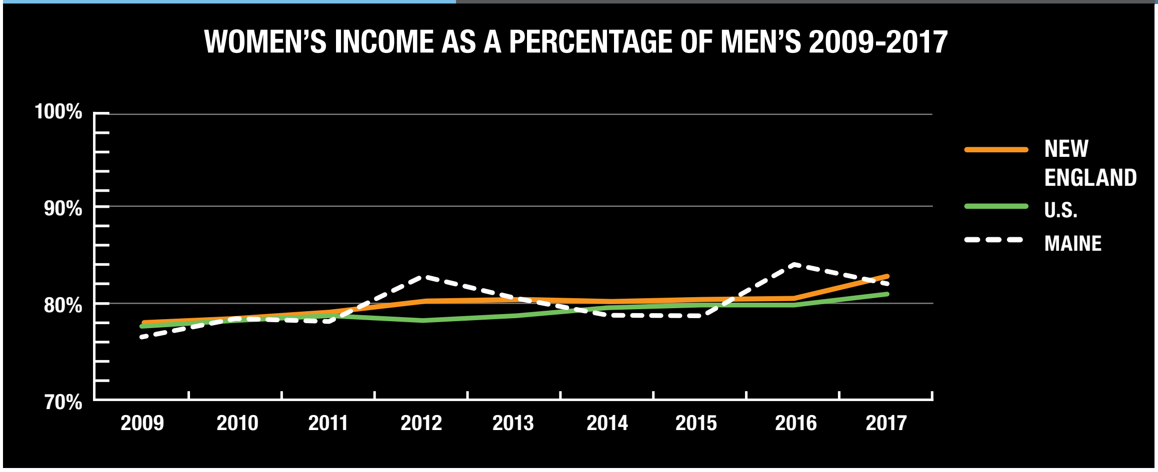
Housing Affordability Index 2017

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

	County	Homeownership	Rental
Coastal Counties	Cumberland	.82	.88
	York	.83	.85
	Hancock	.85	.72
	Lincoln	.92	.96
	Waldo	.92	.68
	Sagadahoc	.93	.86
	Knox	.96	.89
Central Counties	Penobscot	1.08	.70
	Androscoggin	1.11	.74
	Kennebec	1.12	.79
Rim Counties	Oxford	1.03	.71
	Washington	1.18	.69
	Franklin	1.20	.63
	Somerset	1.35	.67
	Piscataquis	1.39	.60
	Aroostook	1.51	.78
	Maine	**.93**	**.79**

21 - Gender Income Disparity

Gender Income Gap Continues to Hinder Maine's Economy

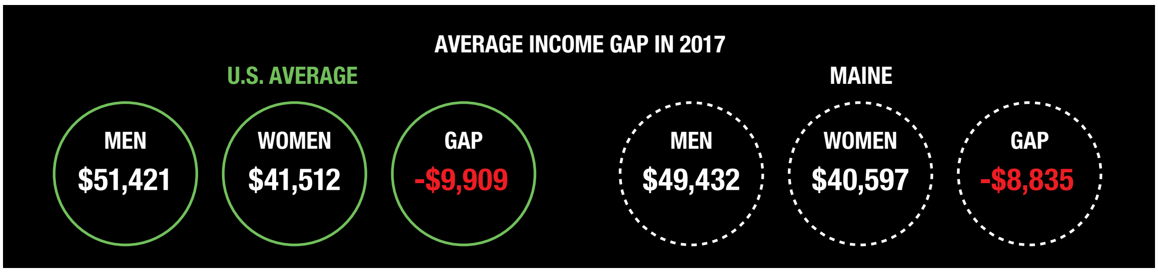


Benchmark:. Maine's median annual income for women will improve to 100% of men's median annual income by 2020

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

This measure compares median annual incomes of men and women working full-time, full-year. While differences in occupations and motherhood are contributors to the gender wage gap, much of the disparity is not explained by these factors.

After improving from 79% in 2014 and 2015 to 84% in 2016, women's income as a percentage of men's in Maine dropped to 82% in 2017. The gender income disparity in New England and the United States are comparable to Maine's.

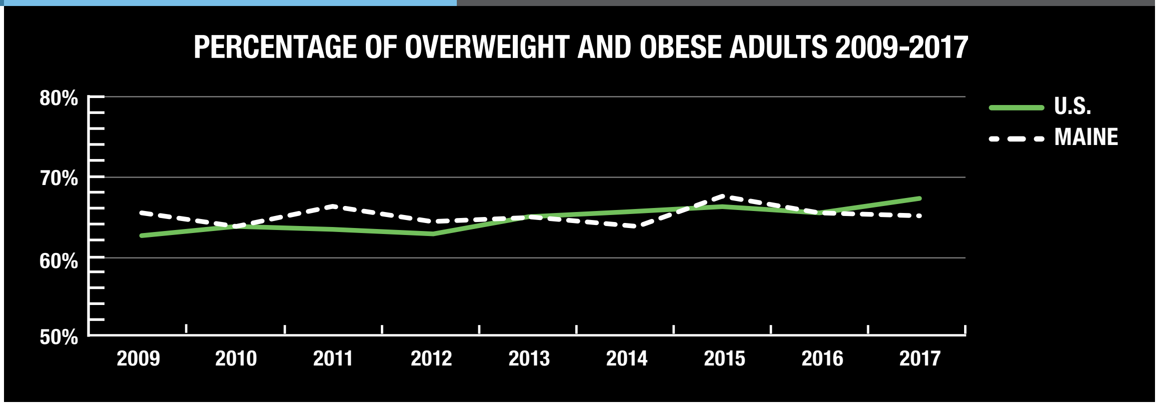


22 - Wellness and Prevention

Maine Obesity and Overweight Rate Drops below U.S. Average

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

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

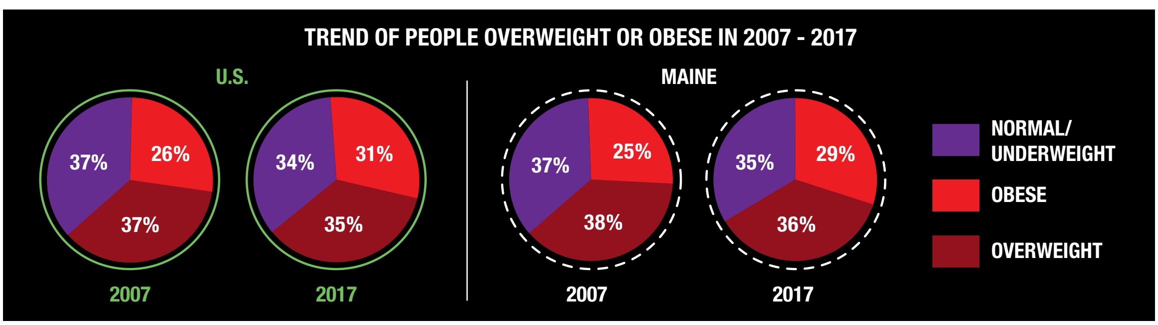


This indicator measures the proportion of adults who are overweight or obese. Excess body weight increases the risks of chronic diseases like diabetes, heart disease, stroke, asthma, arthritis, and some cancers. These conditions negatively affect productivity and increase medical expenses.

Nearly two-thirds of Maine adults—65%—were overweight (body mass index of 25 to 29.9) or obese (BMI of 30 or greater) in 2017. While Maine's rate has grown slightly from 63% in 2007, it decreased in both 2016 and 2017, and is now two points below the national average of 67%.

Percentage of Overweight and Obese Adults 1997-2017

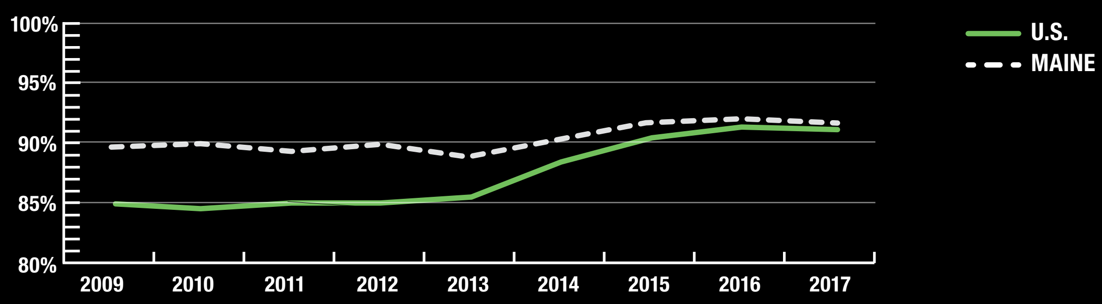
	Obesity		Overweight	
	Maine	U.S.	Maine	U.S.
1997	16.2%	16.5%	37.0%	36.2%
2002	20.7%	21.9%	38.0%	37.0%
2007	25.2%	26.3%	37.7%	36.6%
2012	28.4%	27.6%	35.8%	35.8%
2017	29.1%	31.3%	35.9%	35.3%



23 - Health Insurance Coverage

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

POPULATION WITH HEALTH INSURANCE COVERAGE 2009-2017



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

Source: U.S. Census Bureau

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

The proportion of Maine residents with health insurance coverage declined from 91.5% in 2007—when it exceeded the national average by six points—to 88.8% in 2013, then rose to 92% by 2016. In 2017, 91.9% of Mainers had health insurance, slightly above national average of 91.3%. An estimated 106,000 people in Maine do not have health insurance coverage. Cumberland County has Maine's highest health insurance coverage rate, 92.2%, and Washington County has the lowest, 83.6%

Population with Health Insurance Coverage 2016

	County	Rate
Coastal Counties	Cumberland	92.2%
	Sagadahoc	91.4%
	York	90.8%
	Knox	89.1%
	Hancock	88.4%
	Waldo	88.1%
	Lincoln	87.7%
Central Counties	Androscoggin	90.6%
	Kennebec	90.2%
	Penobscot	88.0%
Rim Counties	Oxford	89.1%
	Aroostook	88.5%
	Franklin	88.4%
	Somerset	88.0%
	Piscataquis	86.6%
	Washington	83.6%

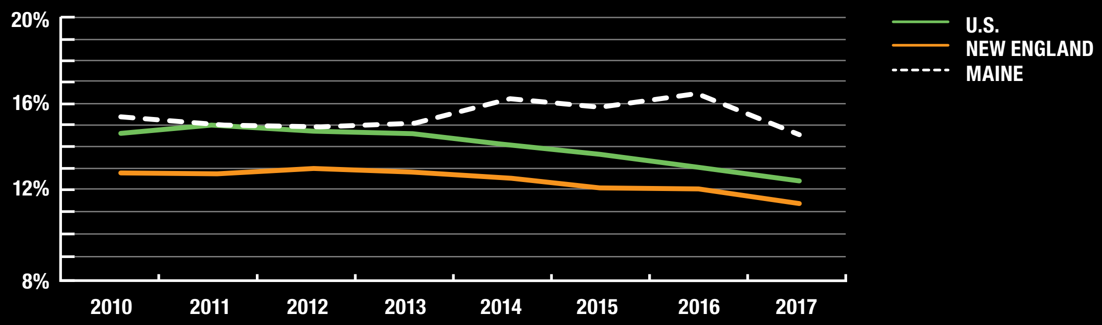
24 - Food Insecurity

Access to Healthy Food Vital to Maine People and Economy

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

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

FOOD INSECURE HOUSEHOLDS 2010-2017 (3-YEAR MOVING AVERAGE)



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

14.4% of Maine households were food insecure in 2017, above the 2007 rate of 13.3% but a substantial decline from 16.4% in 2016. Food insecurity in Maine is still well above the U.S. average of 12.3% and the New England average of 11.4% in 2017.

County-level data are from a different source with lower estimates of food insecurity (13.8% for Maine in 2016, compared with 16.4% reported by the USDA). According to Feeding America, food insecurity rates range from 12% in Sagadahoc and York Counties to 16% in the rim counties of Aroostook, Piscataquis, Somerset, and Washington.

Food Insecurity Rates by County, 2016

	County	Rate
Coastal Counties	Sagadahoc	12.0%
	York	12.1%
	Lincoln	12.7%
	Knox	12.8%
	Cumberland	13.0%
	Hancock	13.6%
	Waldo	14.1%
Central Counties	Kennebec	14.0%
	Androscoggin	14.8%
	Penobscot	15.1%
Rim Counties	Franklin	13.5%
	Oxford	14.4%
	Somerset	15.6%
	Washington	15.8%
	Aroostook	16.0%
	Piscataquis	16.4%

Source: Feeding America

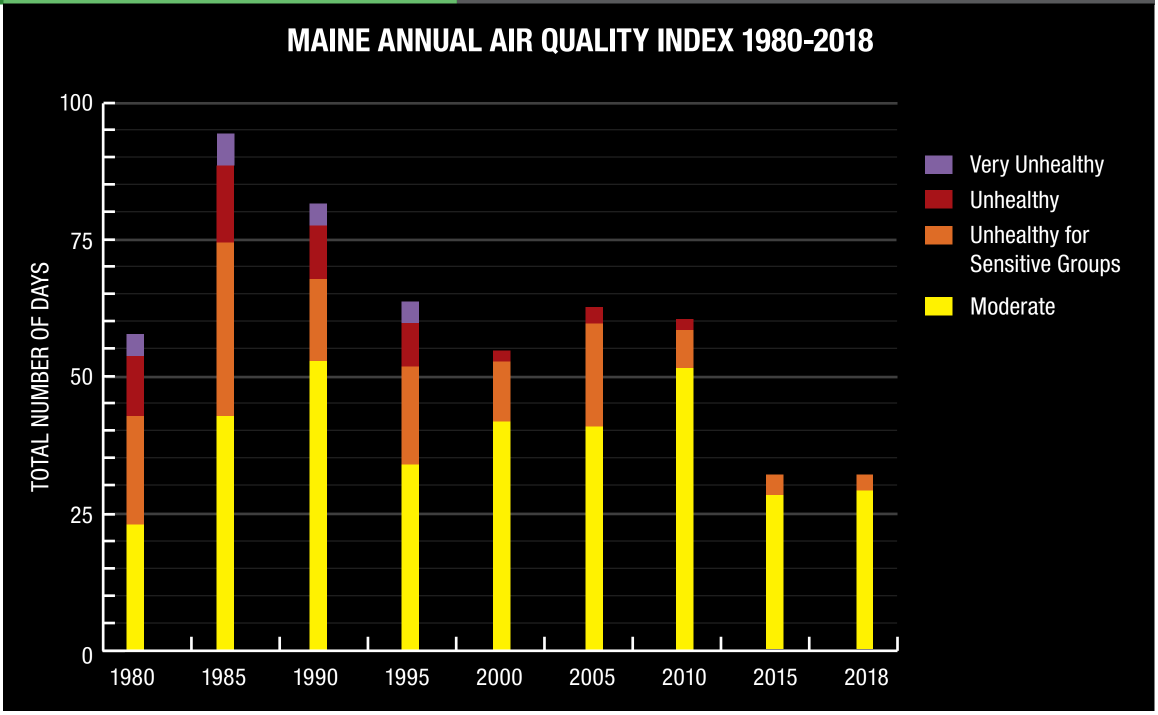
ENVIRONMENT
BY LAND, LAKE,
SEA AND STREAM.

25 - Air Quality

Unhealthy Air Days in Maine Reach Lowest Level on Record

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

Source: Maine Department of Environmental Protection

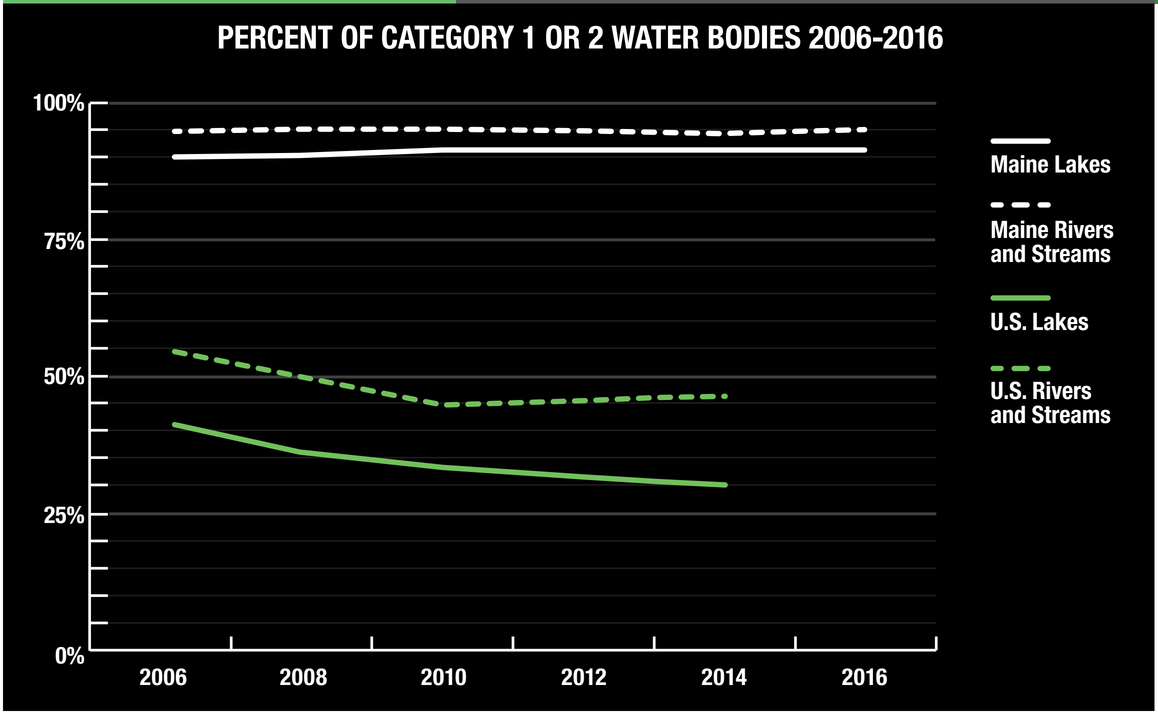


The air quality index is based on ozone levels in parts per billion and tracks the number of days each year when the maximum ozone level recorded in the state reached moderate or unhealthy levels. Maine's air quality contributes to health and wellness, and makes it an attractive place to live, do business,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

In 2018, there were 29 moderate air quality days and 3 days were rated unhealthy for sensitive groups, the lowest figures to date. After declining in the 1980s and 1990s, air quality in Maine has improved substantially, and is better than other Northeastern states.

26 - Water Quality

Maine's Water Quality Far Exceeds U.S. Average



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

Source: Maine Department of Environmental Protection, Bureau of Water Quality, and U.S. Environmental Protection Agency

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

Since 2006, Maine's water quality has remained steady, with 95% of rivers and streams and 91% of lakes achieving category 1 or 2 in 2016. Nationally, the latest data are from 2014, when 47% of U.S. rivers and streams and 29% of the lakes were rated "good."

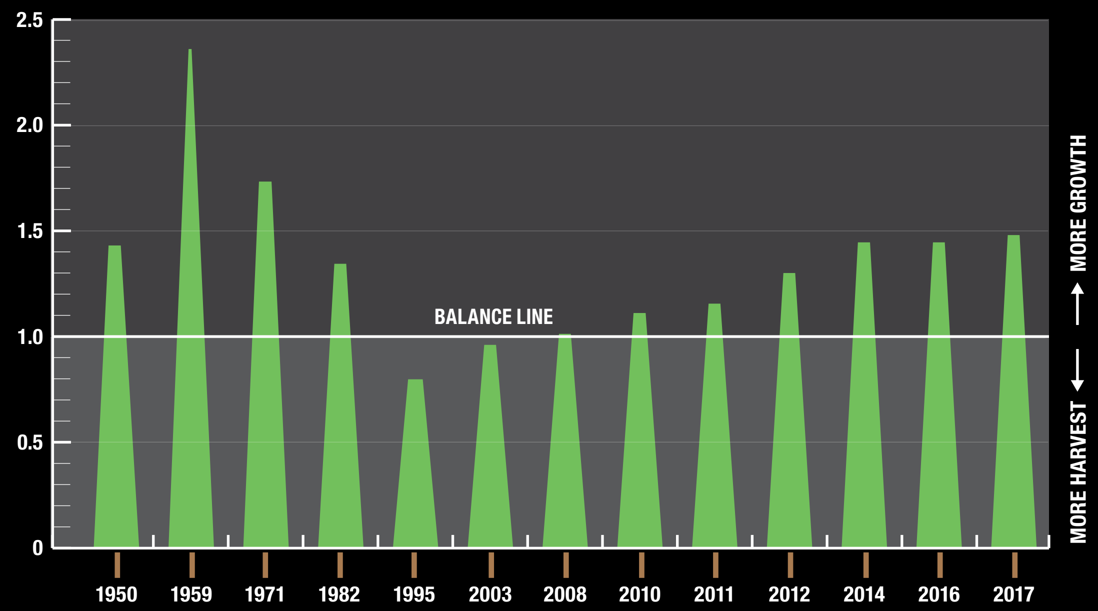
27 - Sustainable Forest Lands

Maine's Growth to Harvest Ratio Increasing

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

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

HISTORIC TREND IN THE NET GROWTH TO REMOVALS RATIO 1950-2017



The sustainable management of Maine's forests is measured by the growth to harvest rate. A net growth value above one means that growth exceeds harvest and a value below one means that harvest exceeds growth. Forests cover nearly 90% of Maine's land area. Private landowners manage 93% of forested acreage, with much of it accessible to the public. Forests provide habitat for wildlife, help protect air and water quality, offer recreational opportunities, and supply raw materials for products ranging from paper to alternative fuels. Sustainable forestry supports Maine's economy, environment, and quality of life.

Since 2010, Maine has maintained net forest growth to removals ratios slightly in favor of growth over harvest. The growth to harvest ratio rose slightly from 1.43 in 2016 to 1.47 in 2017.

BACKGROUND

The Maine Economic Growth Council was established by statute in 1993 to develop, maintain, and evaluate a long-term economic plan for Maine. Its members represent a broad and diverse cross-section of Maine's key constituencies. Members are jointly appointed by the Governor, Senate President, and Speaker of the House. The annual Measures of Growth report is a widely used and respected report on Maine's economy. The report has been revised from time to time to provide the most current and meaningful assessment of Maine's progress toward long-term economic growth and a high quality of life for all Maine people. The Maine Economic Growth Council is administered by the Maine Development Foundation (MDF), a private, non-partisan membership organization created in statute in 1977 that drives sustainable, long-term economic growth for Maine. The work of the Growth Council is financed by a state appropriation through the Maine Department of Economic and Community Development, with additional support provided by the membership of MDF.

ACKNOWLEDGEMENTS

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

THE NATURE OF DATA

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

MAINE ECONOMIC GROWTH COUNCIL MEMBERS 2019

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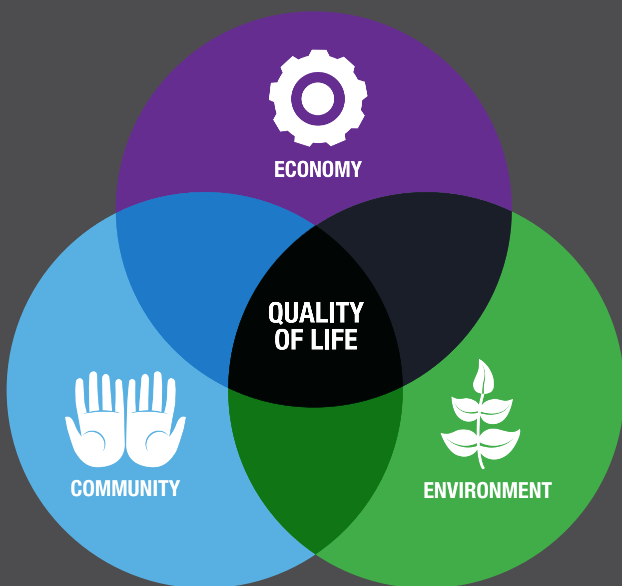
PDF available for download at mdf.org

VISION

A HIGH QUALITY OF LIFE FOR ALL MAINE PEOPLE



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