

MEASURES OF GROWTH

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

2021



27TH
REPORT OF
THE MEGC

 **MEGC**
Maine Economic
Growth Council

Administered by
mdf




















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FUNDAMENTAL PERFORMANCE INDICATORS	ECONOMY
<h3 style="color: #e69d00;">PROSPERITY</h3>	
<p>+10% 1. Wages pg 4 In 2020, average wages rose 10%, but may be distorted because many low-wage jobs were lost due to COVID.</p> <p>-1% 2. Poverty pg 5 In 2019, poverty fell about 1%. Official 2020 estimates are not yet available.</p> <p>-4% 3. Gender Income Equity pg 6 In 2019, women's average earnings fell 4% further behind men's earnings, to 80%.</p> <p>+2% 4. Racial/Ethnic Income Equity pg 7 In 2015-2019, the average incomes of BIPOC* and Latino or Hispanic Mainers rose but remained 37% below white Mainers, dramatically short of full equity. (*Black, Indigenous, People of Color)</p>	<h3 style="color: white;">INNOVATION</h3> <p>9. Research & Development pg 13 From 2017 to 2018, R&D spending remained virtually unchanged.</p> <p>-14% 10. International Exports pg 14 In 2020, Maine's exports fell 14%, similar to the national decline of 13%.</p> <p>+4% 11. Entrepreneurship (NEW) pg 15 In 2019, the number of business starts exceeded closures by 4%.</p>
<h3 style="color: #e69d00;">PEOPLE</h3>	
<p>-3% 5. Labor Force pg 8 In 2020, the labor force shrank 3% (20,000 fewer working Mainers).</p> <p>-2% 6. Labor Force Participation (NEW) pg 9 In 2020, 60.5% of Maine adults were in the labor force, down 2 percentage points.</p>	<h3 style="color: white;">TALENT</h3> <p>12. Prekindergarten Education pg 16 In 2020-21, the share of schools with a pre-K program rose from 77% to 79%.</p> <p>0% 13. Fourth-Grade Reading pg 17 In 2019, the share of 4th graders proficient in reading remained at 36%.</p> <p>-2% 14. Eighth-Grade Math pg 18 The share of 8th graders proficient in math dropped slightly and has remained below 40% for decades.</p> <p>+2% 15. Postsecondary Degrees & Credentials pg 19 In 2019, 53% of Mainers had a degree or a professional credential, up 2% from 2018 but still below the New England average of 58%.</p>
<h3 style="color: #e69d00;">PRODUCTIVITY</h3>	
<p>+2% 7. Value-Added pg 10 In 2020, value added per worker rose 2%, but remained 25% below the U.S. average.</p> <p>-4% 8. Gross Domestic Product pg 11 Maine's GDP fell 4% in 2020, mirroring declines elsewhere in the U.S.</p>	<h3 style="color: white;">BUSINESS CLIMATE</h3> <p>0% 16. Cost of Doing Business pg 20 In 2020, Maine's cost of doing business was unchanged.</p> <p>-0.7% 17. Cost of Health Care pg 21 In 2020, health care spending dropped to 17.3% of total expenditures.</p>



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<p> 18. Cost of Energy pg 22 The price of industrial electricity fell 0.3¢/kWh in 2020 but still exceeds the U.S. average.</p> <p> 19. State and Local Tax Burden pg 23 In 2019, Maine’s tax burden was 12.3%.</p>	<p> 24. Wellness and Prevention pg 29 In 2020, the share of overweight or obese adults remained about 66%.</p> <p> 25. Health Insurance Coverage pg 30 In 2019, 92% of Mainers had health insurance, unchanged from 2018.</p>
 COMMUNITY	 ENVIRONMENT
<p style="text-align: center;">INFRASTRUCTURE</p> <p> 20. Broadband Connectivity pg 25  COVID highlighted the critical need of high-speed internet but new data show just 18% of Maine locations have access to high-speed service (100 Mbps/100 Mbps).</p> <p> 21. Transportation pg 26 In 2020, 59% of Maine roads were rated excellent, good or fair, about the same as 2019.</p> <p> 22. Housing Affordability pg 27  In 2020, Maine’s housing affordability index fell 4%.</p> <p style="text-align: center;">HEALTH & SAFETY</p> <p> 23. Safety pg 28  In 2020, the crime rate fell 7% and was well below the U.S. average.</p>	<p> 26. Food Security pg 31 In 2018-2020, Mainers experiencing food insecurity fell 0.6% to 11.4%. Federal COVID-relief aid may have helped bolster food security in 2020.</p> <p> 27. Air Quality pg 33 In 2020, there were 26 moderately unhealthy days, slightly worse than last year.</p> <p> 28. Water Quality pg 34  Maine’s water quality remains high but no new data have been released since 2016.</p> <p> 29. Sustainable Forest Lands pg 35 In 2019, the growth-to-harvest ratio fell 8% but remained well above the sustainability goal, at 1.27.</p> <p> 30. Greenhouse Gas Emissions (NEW) pg 36 From 2016 to 2017, GHG emissions fell 5%.</p>

-  **Exceptional Performance**
Very high national standing and/or significant positive progress compared to past performance.
-  **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.

-  Favorable movement since the last available data.
-  No significant movement since the last available data.
-  Unfavorable movement since the last available data.
-  Movement unknown since this is a new data set.



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

RISING TOGETHER

The Maine Economic Growth Council is pleased to present *2021 Measures of Growth*—a tool to support Maine's short-term recovery and long-term prosperity. Even as COVID continues to challenge the day-to-day operation of businesses, schools, hospitals, and households, the Council firmly believes that a long-term perspective is as crucial as ever, and that Maine's enduring assets can be springboards for long-term prosperity.

Economic recovery

Recovery will take time. Since the 1960s, it has taken Maine 38 months on average to regain the jobs lost during a recession.* The speed of our COVID recovery will depend on many factors, including: the course of the virus, vaccination rates, adherence to public health advisories, and how well we recognize and leverage the cultural and economic shifts resulting from the pandemic. The health of Maine's economy and the wellbeing of its citizens have perhaps never been more interconnected.

Enduring assets

Beyond COVID lies the prospect of brighter days—if we maintain a strategic focus on long-term goals. The Council sees reasons for optimism. Maine's quality of life was attracting new residents before COVID, and the pandemic seems to have accelerated this trend. Maine's safe communities could be increasingly valuable economic assets. Strengthening social and digital connections between rural areas and nearby cities may be a key to future growth, rather than traditional efforts to grow place-bound jobs.

Stronger together

The Council steadfastly believes that Maine has the potential to push through the COVID headwinds and build a stronger, better connected, more resilient, and more equitable economy than ever before. Doing so will require collaboration, disciplined adherence to a long-term strategy, and a renewed commitment to shared prosperity. We look forward to joining other Maine leaders to realize this vision.

Report Highlights

This year, the Council updated its benchmark targets to 2030. This gave us an opportunity to take stock of Maine's progress over the past decade. We see reasons both for celebration and renewed resolve.

For 2021, the Council assigns Gold Stars for progress in Prekindergarten Education, Safety, and Water Quality. We assign Red Flags for needed attention to Housing Affordability, Research and Development, Broadband Connectivity, and Labor Force. This year's report also includes the new measure Greenhouse Gas Emissions. This metric acknowledges the growing impact of climate change on our environment and economy. It tracks Maine's progress toward its statutory emissions reduction goal.

We also updated four benchmarks. The new, more ambitious Broadband benchmark reflects the growing importance of high-speed internet access; the Postsecondary benchmark now includes valuable non-degree credentials; the new Entrepreneurship benchmark measures how well business start-ups are off-setting closures; and a new Labor Market Participation benchmark replaces the former Employment benchmark.

Within Wages, Labor Force, and Value-Added, we report on progress toward the goals of Maine's 10-Year Economic Strategy.

A comprehensive, user-friendly, digital edition of this report is now available online for desktop, tablet and mobile devices. Visit www.mdf.org/economic-policy-research/measures-of-growth-report

* Maine Department of Labor, Center for Workforce Research and Information, Recession Index, accessed October 6, 2021.

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



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SUPPORTING MAINE'S ECONOMIC STRATEGIC GOALS

Maine has a promising economic recovery plan¹ that builds on its existing ten-year economic development strategy.² These multi-pronged and potentially deeply impactful roadmaps can guide Maine toward recovery and sustainable, equitable growth for all residents. The state's strategy aims to achieve three goals by 2030.

GOAL 1: Increase wages by 10%

This goal would increase the value of Maine's annual average wage, adjusted for inflation, from \$45,370 in 2018 to \$49,900 by 2030. In 2020, wages reached and exceeded this goal, rising fully 11% above 2018 levels to \$50,407. Normally, this would be cause for celebration, but it largely reflects the temporary, disproportionate loss of low-wage jobs due to COVID. Stay-at-home measures and social distancing caused losses of high-contact, low-wage jobs, even as employment in middle- and high-wage jobs grew slightly. The Wages metric on page 8 shows how this growth compares to other states.

GOAL 2: Increase the value of what we sell per worker by 10%

Goal 2 seeks to increase value-added per Maine worker from \$88,804 in 2017 to \$97,684 by 2030 (adjusted for inflation). In 2020, value-added reached \$95,933, an increase of 8% compared to 2017. Again, this is welcome growth, but it largely reflects the steep loss of low-wage jobs caused by COVID. For more information, and to see how Maine fared compared to other states, see the Value-Added metric on page 15.

GOAL 3: Attract 75,000 people to Maine's talent pool

The final goal aims to increase Maine's labor force by 75,000 above previous projections for 2030, which showed a 65,000 decline. The result would be a net gain of 10,000 workers, or about 700,000 workers total. COVID dealt a blow to this goal, as many people stopped working or looking for work during the pandemic. Over the course of 2020, Maine's labor force contracted by 20,000. Fortunately, there are strong signs of recovery in 2021 as more and more people return to work. See the Labor Force metric on page 13 for more details.

¹ State of Maine, Governor's Economic Recovery Committee, "Recommendations to Sustain and Grow Maine's Economy," November 24, 2020.

² State of Maine, "Maine Economic Development Strategy 2020-2029," November 2019.

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 cross-section of Maine's key constituencies. Members are jointly appointed by the Governor, Senate President, and Speaker of the House. The Council is chaired by Steve Von Vogt, President and CEO of Maine Marine Composites. The annual *Measures of Growth* report is a widely used and respected report on Maine's economy. The report is 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 Council is administered by Maine Development Foundation (MDF), a private, non-partisan membership organization created in statute in 1978 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.

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THE NATURE OF DATA

The Growth Council strives to provide the most accurate, timely, and consistent data available. Some source data are 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.

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(Martha left her role in
October 2021, but contributed
substantially to the development
of this report while in her role)*

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Online Report available at:

www.mdf.org/economic-policy-research/measures-of-growth-report

VISION

A HIGH QUALITY OF LIFE
FOR ALL MAINE PEOPLE

